Axera 愛芯元智

愛芯元智半導體股份有限公司
AXERA SEMICONDUCTOR CO., LTD.

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

Stock Code: 600

GLOBAL OFFERING

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

CICC 中金公司 | 國泰海通 GUOTAI HAITONG | 國泰君安國際 GUOTAI JUNAN INTERNATIONAL | 交銀國際 BOCOM International

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

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

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

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	:	**104,915,200 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**10,491,600 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**94,423,600 H Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	:	**HK$28.20 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	:	**RMB1.00 per H Share**
Stock Code	:	**600**

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Joint Global Coordinators

广发证券 GF SECURITIES | PING AN SECURITIES (HK) | 淘金者證券(香港)有限公司 TradeMaster Securities (Hong Kong) Limited

A copy of this prospectus, having attached thereto the documents specified in "Appendix V—Documents Delivered to the Registrar of Companies and Available on Display" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

The Offer Price will be HK$28.20 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay (subject to application channels), on application, the Offer Price of HK$28.20 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Hong Kong Offer Shares and/or the Offer Price that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the Offer Price will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.axera-tech.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For more details, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

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

ATTENTION

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

This prospectus is available at the websites of the Stock Exchange (**www.hkexnews.hk**) and our Company (**www.axera-tech.com**). **If you require a printed copy of this prospectus, you may download and print from the website addresses above.**

January 30, 2026

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section, and our website at **www.axera-tech.com**

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

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

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

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

Please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically

Your application through the **White Form eIPO** service or the **HKSCC EIPO** service must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below.

No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

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

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		HK$		HK$		HK$
100	2,848.44	2,000	56,968.79	30,000	854,531.91	400,000	11,393,758.80
200	5,696.88	3,000	85,453.19	40,000	1,139,375.88	500,000	14,242,198.50
300	8,545.32	4,000	113,937.59	50,000	1,424,219.86	600,000	17,090,638.20
400	11,393.76	5,000	142,421.99	60,000	1,709,063.82	700,000	19,939,077.90
500	14,242.20	6,000	170,906.38	70,000	1,993,907.79	800,000	22,787,517.60
600	17,090.65	7,000	199,390.78	80,000	2,278,751.75	900,000	25,635,957.30
700	19,939.08	8,000	227,875.18	90,000	2,563,595.74	1,000,000	28,484,397.00
800	22,787.51	9,000	256,359.57	100,000	2,848,439.70	2,000,000	56,968,794.00
900	25,635.96	10,000	284,843.96	200,000	5,696,879.40	3,000,000	85,453,191.00
1,000	28,484.39	20,000	569,687.95	300,000	8,545,319.10	5,245,800(1)	149,423,449.78

Notes:

(1) This is the maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Hong Kong Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

If there is any change to the expected timetable of the Hong Kong Public Offering, we will issue an announcement to be published on the website of the Hong Kong Stock Exchange at ***www.hkexnews.hk*** *and our website at* ***www.axera-tech.com.***

Hong Kong Public Offering commences	9:00 a.m. on Friday, January 30, 2026
Latest time to complete applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**(2)	11:30 a.m. on Thursday, February 5, 2026
Application lists open(3)	11:45 a.m. on Thursday, February 5, 2026
Latest time (a) to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving electronic application instructions to HKSCC(4)	12:00 noon on Thursday, February 5, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists close(3)	12:00 noon on Thursday, February 5, 2026

Announcement of

- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.axera-tech.com**(5) ... no later than 11:00 p.m. on Monday, February 9, 2026

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be made available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares—Publication of Results" including:

- on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.axera-tech.com**(5) respectively ... no later than 11:00 p.m. on Monday, February 9, 2026
- on the designated results of allocation website at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment with a "search by ID" function ... from 11:00 p.m. on Monday, February 9, 2026 to Sunday, February 15, 2026

• from the allocation results telephone enquiry line by at +852 2862 8555 between 9:00 a.m. and 6:00 p.m.	on Tuesday, February 10, 2026, Wednesday, February 11, 2026 and Thursday, February 12, 2026 and Friday, February 13, 2026
Despatch of H Share certificates in respect of wholly or partially successful applications, or deposit of H Share certificate into CCASS, on or before(6)	Monday, February 9, 2026
Despatch of **White Form** e-Refund payment(7) instructions and refund cheques on or before	Tuesday, February 10, 2026
Dealings in H Shares on the Stock Exchange expected to commence at	9:00 a.m. on Tuesday, February 10, 2026

Notes:

The application for the Hong Kong Offer Shares will commence on Friday, January 30, 2026 through Thursday, February 5, 2026, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Tuesday, February 10, 2026.

(1) All dates and times refer to Hong Kong local time and dates unless otherwise stated.

(2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for making applications. If you have already submitted your application and obtained an application reference number from the designated website before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for making applications, when the application lists close.

(3) If there is/are Bad Weather Signal(s) (as defined in the section headed "How to Apply for the Hong Kong Offer Shares—Bad Weather Arrangements" in this prospectus) in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, February 5, 2026 the application lists will not open or close on that day. For further information, please refer to the section headed "How to Apply for the Hong Kong Offer Shares—Bad Weather Arrangements" in this prospectus.

(4) If you instruct your broker or custodian who is an HKSCC Participant to give electronic application instructions via FINI to apply for the Hong Kong Offer Shares on your behalf, you should contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

(5) None of the websites or any of the information contained on the websites forms part of this prospectus.

(6) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be on or around Tuesday, February 10, 2026 provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of H Share certificates or before the H Share certificates become valid evidence of title do so entirely at their own risk.

(7) Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Any uncollected H Share certificates and/or refund checks will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

White Form e-Refund payment instructions/refund cheques will be issued for the applicants who have applied through White Form eIPO service in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheques. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheques.

Applicants who have applied through White Form eIPO service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through White Form eIPO service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheque(s) in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares—Despatch/ Collection of H Share Certificates and Refund of Application Monies".

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" for details relating to the structure of the Global Offering and the conditions and procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

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

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

CONTENTS

SUMMARY

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

OVERVIEW

We are a provider of artificial intelligence ("**AI**") inference systems-on-a-chip ("**SoCs**"), delivering high-performance perception and computing platforms for edge and endpoint AI applications. We are building an advanced AI computing infrastructure to make artificial intelligence accessible to everyone, creating an empowered future where AI improves lives for all.

At the heart of our capabilities and SoC offerings is the Axera Neutron (愛芯通元) mixed-precision neural processing unit ("**NPU**"), a specialized processing architecture that delivers improved AI inference efficiency through advanced mixed-precision computing. This technology is crucial for deployment of quantized models, enabling AI inference on edge and endpoint devices. In particular, the growing smart vehicles industry is contributing to the increasing adoption of this technology. Complementing the mixed-precision NPU is our Axera Proton (愛芯智眸) AI-ISP, the world's first commercially scaled AI-enabled image signal processor. The Axera Proton AI-ISP is an advanced image signal processing engine that optimizes visual data in real time and at the pixel level, ensuring high-quality imaging even under challenging conditions. Together with our other technologies, such as the Pulsar2 toolchain and our software development kit ("**SDK**"), these innovations address both the fundamental "computation" requirements of AI inference and the critical "perception" applications that drive real-world value.

We adopt the fabless model and focus solely on chip design and sales. Our proprietary technology platform embodies an integrated and universal architecture, enabling efficient reuse of IP cores across multiple applications. This scalable approach allows us to rapidly develop, commercialize, and iterate our SoCs with flexibility and speed. This approach has enabled us to scale the production of visual on-device AI inference SoCs and expand into growing market such as smart vehicles and emerging market like edge computing, through continuous refinement of core technologies, improved computing power, and stringent control of power consumption. This platform strategy delivers dual competitive advantages: significantly reducing R&D costs while accelerating product development cycles, cementing our leadership in AI inference SoCs.

Since our establishment, we have achieved selected core achievements, including:

- We are **largest** provider of mid-to-high-end visual on-device AI inference chips in the world, in terms of the shipments in 2024, according to CIC. According to the same source, we are a leading player in the global visual on-device AI Inference chip market, ranking among the **top five** players in 2024.

- Our Axera Proton AI-ISP is the **world's first** AI-ISP technology commercialized at scale, according to CIC, marking a significant milestone in the computer vision industry.

- Our AI inference SoCs shipments volume achieved **9.3 million** in 2024.

- As of September 30, 2025, we had independently developed and commercialized **five generations** of SoCs, spanning dozens of types, that have achieved large-scale production in visual on-device computing, smart vehicle and edge AI inference applications.

Beyond our robust technical capabilities, we believe that achieving large-scale commercialization is critical for a fabless company like us to maintaining financial health while executing a disciplined product strategy. Since our inception, we have focused on translating our advanced technologies into market-proven products and achieving broad commercial adoption across multiple application scenarios. As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception. We primarily focus on AI inference chips regarding on-device computing, smart vehicle applications and edge AI inference, being subsets of the overall AI inference chip market, which is in turn a subset of the overall semiconductor market. In particular, our sales of visual on-device computing SoCs and edge computing SoCs experienced significant growth in 2024, increasing by approximately 69% and 400% compared to 2023, respectively. As of September 30, 2025, cumulative shipments of our smart vehicle SoCs reached over 518,800 units since launch. According to CIC, we have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024. In the realm of edge AI inference, we were the third largest provider in China in terms of the shipment volume in 2024, according to the same source. This commercial scale validates our technology-to-market capabilities while creating a virtuous cycle for continued R&D investment and product innovation.

Our highly competitive and industry-acclaimed SoC products have driven rapid revenue growth during the Track Record Period. Specifically, from 2022 to 2024, our revenue increased from RMB50.2 million to RMB472.9 million, achieving a CAGR of 206.8%. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we had loss for the year/period of approximately RMB611.6 million, RMB743.1 million, RMB904.2 million, RMB691.0 million and RMB855.7 million, respectively.

Our Market Opportunities

AI has emerged as one of the most vital technologies today. AI model architectures, which refer to the structural design and organization of the components and processes within an AI model, determine how data is processed, models are trained and evaluated, and predictions are generated. Transformer architecture, one of the most popular AI model architectures in this decade, has become the foundation of nearly every major large AI models in use today. With the rapid advancement of large AI models based on Transformer architecture such as large language models ("**LLMs**"), visual language models ("**VLMs**") and visual language action models ("**VLAs**"), both global tech giants and innovative startups have made significant investment in large AI model training and inference. Historically, large AI models have been deployed in the cloud due to their substantial computational and memory requirements. However, cloud-based deployment raises concerns around latency and privacy, driving the industry to explore edge inference frameworks that enable efficient large AI model processing on resource-constrained devices. This expansion toward edge computing—where AI tasks are performed locally rather than relying solely on centralized cloud infrastructure—represents a transformative opportunity in the AI landscape, unlocking new use cases and applications. The industry, previously focused on the training-centric paradigm, is now extending to cover inference—the process of applying trained and fine-tuned large AI models to generate predictions or decisions in real time, where tangible real-world value is delivered.

High-performance AI processors are essential for AI deployment. While central processing units ("**CPUs**") are versatile and graphics processing units ("**GPUs**") excel at parallel computation, neither is optimal for the unique requirements of AI inferencing. To enable the seamless integration of large AI models into everyday activities, efficient and cost-effective AI inference chips, such as NPUs, are becoming indispensable, particular for on-device and edge computing scenarios. Unlike general-purpose CPUs and GPUs, NPUs are architecturally optimized for large-scale parallel computing, delivering exceptional efficiency in processing large volumes of data and neural network computations. This specialized design makes NPUs a critical enabler for scalable, low-latency, and cost-effective AI inference at the edge.

Furthermore, the emergence of large AI models like DeepSeek has driven a reduction in the cost of accessing high-quality models, and advances in quantization technology have made deploying sophisticated models on devices or at the edge more cost-effective than ever. Together, these developments are set to accelerate the widespread adoption of edge-based large AI models, positioning us on the cusp of a major industry transformation.

Our Technology Platform

Our technology platform follows a dual-track approach for development, integrating both iterations of IP cores for technological advancement and repurpose of IP cores for horizontal domain expansion. On the one hand, through iterative refinement, we incorporate the latest technological innovations, industry advances, and market feedback into our IP cores, enabling us to maintain technological leadership while enhancing product reliability and appeal. On the other hand, we maximize reuse of our IP cores, such as the Axera Neutron mixed-precision NPU and Axera Proton AI-ISP, across diverse applications to reduce R&D costs and accelerate time-to-market, enhancing our business scalability and enabling effective horizontal expansion. The platform's extensibility is further strengthened by the Pulsar2 development toolchain and our mature SDK, which together provide our customers and partners with comprehensive resources to build advanced AI applications.

- ***Axera Neutron NPU.*** Dynamically selects numerical precision, such as INT4, INT8 and INT16, based on varying computational requirements, our Axera Neutron NPU employs a multi-threading, heterogeneous, and multi-core design that tightly integrates memory with processing units. This architecture delivers fundamental efficiency gains through two key mechanisms: (1) reducing computational overhead by optimizing for neural network operations, and (2) minimizing unnecessary data transfers through memory hierarchy design. Additionally, our Axera Neutron NPU has native compatibility with mainstream AI models—including those based on Transformer (one of the most popular AI model architectures, being the foundation of nearly every major large AI models in use today) and convolutional neural networks ("**CNN**") (another mainstream AI model architecture, particularly useful for visual datasets such as images or videos) architectures—ensures large-scale seamless deployment of AI models across edge and endpoint devices. This dual capability of high efficiency and broad compatibility establishes our technology as a versatile hardware foundation for next-generation AI applications.

- ***Axera Proton AI-ISP.*** Leveraging the power of the Neutron NPU and AI algorithms, the Proton AI-ISP improves traditional image signal processing by optimizing key stages of the processing pipeline, resulting in superior pixel-level image quality. This technology enables "night-as-bright-as-noon (黑夜如白晝)" imaging in low-light environments, ensuring that high-quality images and video data as input to downstream AI inference tasks such as object detection, image segmentation, image classification etc.

- ***Pulsar2.*** Pulsar2 toolchain serves as a solution for converting, optimizing, and deploying neural networks on our SoCs, emphasizing efficiency, safety, and ease of use. It integrates model conversion, quantization, and compilation, supports leading frameworks, and is ISO 26262:2018 TCL 3 certified for automotive safety. With developer-friendly kits and deep hardware-software integration, Pulsar2 toolchain optimizes performance and is suited for large-scale AI deployment.

- ***SDK.*** Our stable and mature SDK is a package that includes an easy-to-use application programming interface ("**API**") and turnkey tooling. It enables developers to leverage the same API across multiple SoCs and efficiently produce, test, and efficiently develop various full featured applications and products, supporting rapid and scalable product roll outs.

Our Product Matrix

Our technology platform enables a strategically diversified product portfolio that addresses multiple high-growth verticals while maintaining adaptability to evolving market demands. Our products primarily consist of SoCs and related products, designed for (i) visual on-device, (ii) edge inference, and (iii) smart vehicle, all of which can be integrated into diverse end products. The portfolio's foundation remains our advanced visual on-device computing offerings. In 2024, we are ranked the largest supplier of mid-to-high-end visual on-device AI inference chips by shipment, demonstrating both the market traction of our offerings and our core technological strengths. This established product line serves as the springboard for our expansion into adjacent high-potential markets, including smart vehicle and edge computing, where we are seeing accelerating adoption of our products. Our platform approach ensures all product lines benefit from shared R&D advancements while maintaining their specialized optimization for distinct use cases.

On-device Computing

We have been at the forefront in the field of visual on-device computing, delivering high performance products centered on SoCs for smart vision perception, which are primarily deployed in IP and coaxial cameras. Our solutions deliver exceptional visual quality—clear, smooth, and stable outputs and excellent night vision—while achieving breakthrough efficiency through optimized power consumption, reduced transmission latency, and advanced video stream compression. Our comprehensive product portfolio is designed to meet the full spectrum of market needs, with dozens of commercialized SoC variants optimized for high-end, mid-range, and entry-level segments. As of September 30, 2025, our cumulative shipment exceeded 157 million visual on-device computing SoC units, which are widely utilized in applications such as detecting, transportation, and other on-device AI inference scenarios related to visual perception. According to CIC, we were the fifth largest provider of visual on-device AI Inference chips globally, in terms of shipment volume in 2024, with a market share of 6.8%, and ranked first in the mid-to-high-end segment with a market share of 24.1%.

Smart Vehicle

As our technological capabilities continue to mature and our product applications diversify, we strategically expanded into the smart vehicle sector. Recognizing the critical need for superior computing power, enhanced power efficiency, and uncompromising operational stability to ensure road safety, we began developing dedicated smart vehicle SoCs in 2021. As of the Latest Practicable Date, we had successfully launched and commercialized three smart vehicle SoCs, the M55H, M57 and M76H, designed for L2 and L2+ ADAS applications, respectively. According to CIC, we were the second-largest domestic smart driving SoC provider in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed. In addition, we are actively developing new SoCs for smart vehicles to meet the increasing demand in the global market. Our on-device computing products, smart vehicle products, and edge AI inference products are mutually exclusive. In particular, the customers and market activities related to smart vehicle chips are unique, as they primarily involve sales to automotive OEMs and Tier 1 suppliers through design wins, which differ significantly from the customer base and market dynamics of edge and on-device products. In some cases, as required by automotive OEMs and Tier 1 suppliers, we also sold our smart vehicle products through distributors. In these cases, distributors only act solely as a channel as we directly engage with automotive OEMs and Tier 1 suppliers prior to sales. All of our smart vehicle products have passed relevant automotive-grade certification.

Edge AI Inference

Building on our successful experience in on-device computing and smart vehicle applications, we have pushed the envelope for what is possible with AI at the edge. Edge AI inference is an emerging and promising application scenario that brings data processing closer to the sources, enabling real-time decision-making, reduced latency, enhanced privacy, and improved operational efficiency. We have established technological leadership in this critical growth segment through our 8850 series SoCs, a dedicated edge AI inference platform launched in 2023 that delivers competitive performance of 72 TOPS at INT4 precision. This solution is engineered to support diverse edge AI deployments, delivering high-performance computing with ultra-low power consumption, which in turn enables scalable, distributed intelligence across emerging applications.

In addition to its advanced mixed-precision computing capabilities, the 8850 series SoCs feature robust connectivity and scalability, efficient thermal management, and enhanced security, which are critical factors for delivering a comprehensive, low-latency edge AI computing experience. Since its launch in 2023, the shipments of 8850 series SoCs increased significantly from over 21 thousand units in 2023 to over 100 thousand units in 2024. According to CIC, we ranked as the third largest provider of edge AI inference chips in China, with a market share of 12.2%, in terms of shipment volume in 2024.

The table below sets forth our revenue breakdown by product category in absolute amounts and as percentages of our total revenue for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000 (except for percentages)						*(Unaudited)*			
On-device computing products	44,702	89.0%	208,454	90.6%	447,036	94.5%	244,387	96.1%	234,535	87.2%
Including:										
Visual perception SoCs	44,702	89.0%	175,101	76.1%	361,591	76.5%	195,790	77.0%	187,415	69.7%
Visual perception auxiliary SoCs and chips	—	—	33,353	14.5%	85,444	18.1%	48,597	19.1%	47,120	17.5%
Smart vehicle products	28	0.1%	7,801	3.4%	6,707	1.4%	4,911	1.9%	17,259	6.4%
Edge AI inference products	—	—	5,158	2.2%	18,582	3.9%	4,563	1.8%	15,983	5.9%
Others	5,500	10.9%	8,714	3.8%	567	0.1%	355	0.1%	1,257	0.5%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Our Platform-based Operational Model

We have established a differentiated platform-based operational model that systematically integrates our technology innovation, product development, and go-to-market strategies to drive scalable growth in the rapidly evolving AI SoC industry, creating significant competitive advantages in time-to-market, R&D efficiency, and margin profile. This approach combines three core elements: (1) our proprietary technology platform encompassing NPU, ISP, and associated IP cores; (2) our mature product development methodology enabling rapid customization across market segments; and (3) an optimized cost structure that leverages design reuse and manufacturing scale. This platform-driven strategy enables us to simultaneously pursue multiple high-growth verticals while maintaining the operational discipline required in the capital-intensive AI SoC industry, positioning us to capitalize on the expanding market opportunities.

OUR STRENGTHS

We believe the following competitive strengths contribute to our success:

- Established market position in China's edge and visual on-device AI inference chip market;
- All-around technological capabilities and strategic insight;
- Proven capabilities in research, development and commercialization fuel our growth;
- A robust industrial ecosystem co-developed with top-tier business partners; and
- Seasoned and visionary core management team supported by a robust talent pool.

For details, see “Business—Our Strengths.”

OUR STRATEGIES

We will focus on the following key strategies to drive our future growth:

- Focus on research, development and innovation in advanced technology;
- Strengthen and optimize our platform infrastructure;
- Continuously launch products and explore overseas expansion;
- Cultivate a thriving industrial ecosystem with our business partners;
- Strengthen our capabilities through strategic mergers, acquisitions and investments; and
- Attract and retain top-tier talents.

For details, see “Business—Our Strategies.”

CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of OEMs, integrators who integrate our products with other components, and our distributors. See also “Business—Sales and Marketing.” For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the revenue generated from our five largest customers for each year/period amounted to RMB46.0 million, RMB196.5 million, RMB355.8 million and RMB201.9 million, respectively, accounting for 91.5%, 85.4%, 75.2% and 75.0% of our total revenue for the corresponding year/period, respectively. The revenue from our largest customer for each year/period amounted to RMB23.5 million, RMB82.8 million, RMB112.9 million and RMB75.3 million, respectively, accounting for 46.9%, 36.0%, 23.9% and 28.0% of our total revenue for the corresponding year/period, respectively.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, our revenue generated from distributors amounted to RMB2.4 million, RMB67.2 million, RMB199.6 million and RMB162.2 million, respectively. During the Track Record Period, our revenue from distributors grew significantly, primarily because we provide more standardized products leveraging our continuous research and development and the ramp-up of our product commercialization. These standardized products serve our expanding target markets, particularly edge AI applications where use cases continue to proliferate across diverse and fragmented customer segments, for which our distributor network provides an efficient channel for market penetration. According to CIC, this approach aligns with market practices, as AI chip companies typically prioritize direct sales of customized products initially and then engage more distributors as product development becomes more mature and stable to enhance efficiency and capitalize on commercialization opportunities.

During the Track Record Period, our suppliers primarily consisted of contract manufacturers, IP and software vendors, and other service providers. We proactively adopt supplier management policies including maintaining an adequate pool of suppliers, securing alternative suppliers to safeguard our supply chain. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, purchases from our five largest suppliers for each year/period amounted to RMB217.1 million, RMB116.0 million, RMB385.9 million and RMB509.9 million, respectively, accounting for 78.1%, 43.0%, 64.2% and 66.4% of our total purchases for the corresponding year/period, respectively. The purchases from our largest supplier for each year/period amounted to RMB78.8 million, RMB32.5 million, RMB172.3 million and RMB170.7 million, respectively, accounting for 28.4%, 12.0%, 28.7% and 22.2% of our total purchases for the corresponding year/period, respectively.

None of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers and suppliers for each year/period during the Track Record Period.

During the Track Record Period, certain of our five largest customers were also our suppliers. For details, see "Business—Overlapping of Customers and Suppliers." Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of the key financial information set forth below have been derived from and should be read in conjunction with our consolidated financial statements, including the accompanying notes, set forth in the Accountants' Report as set out in Appendix I to this prospectus, as well as the information set forth in the section headed "Financial Information."

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
Revenue	**50,230**	**100.0**	**230,127**	**100.0**	**472,892**	**100.0**	**254,216**	**100.0**	**269,034**	**100.0**
Cost of sales	(37,236)	(74.1)	(170,883)	(74.3)	(373,489)	(79.0)	(200,693)	(78.9)	(212,070)	(78.8)
Gross profit	**12,994**	**25.9**	**59,244**	**25.7**	**99,403**	**21.0**	**53,523**	**21.1**	**56,964**	**21.2**
Other income	7,951	15.8	8,216	3.6	47,103	10.0	37,416	14.7	17,149	6.4
Other net gains/(losses)	23,663	47.1	11,316	4.9	(1,090)	(0.2)	(1,005)	(0.4)	2,301	0.9
Research and development expenses	(445,599)	(887.1)	(515,188)	(223.9)	(588,952)	(124.5)	(449,962)	(177.0)	(413,854)	(153.8)
General and administrative expenses	(51,318)	(102.2)	(114,484)	(49.7)	(136,224)	(28.8)	(100,621)	(39.6)	(160,362)	(59.6)
Sales and marketing expenses	(29,253)	(58.2)	(42,000)	(18.3)	(65,496)	(13.9)	(47,648)	(18.7)	(56,274)	(20.9)
(Expected credit losses)/ reversal of expected credit losses on financial assets	—	—	(1,327)	(0.6)	(11,032)	(2.3)	(5,502)	(2.2)	5,083	1.9
Loss from operations	**(481,562)**	**(958.7)**	**(594,223)**	**(258.2)**	**(656,288)**	**(138.8)**	**(513,799)**	**(202.1)**	**(548,993)**	**(204.1)**
Changes in the carrying amount of redemption liabilities	(131,384)	(261.6)	(157,746)	(68.5)	(224,995)	(47.6)	(164,047)	(64.5)	(294,973)	(109.6)
Other finance costs	(1,708)	(3.4)	(5,321)	(2.3)	(26,132)	(5.5)	(15,279)	(6.0)	(13,651)	(5.1)
Finance costs	(133,092)	(265.0)	(163,067)	(70.9)	(251,127)	(53.1)	(179,326)	(70.5)	(308,624)	(114.7)
Finance income	3,080	6.1	4,715	2.0	3,218	0.7	2,101	0.8	1,917	0.7

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000 (Unaudited)*	*% of revenue*	*RMB'000*	*% of revenue*
Net financial costs	(130,012)	(258.8)	(158,352)	(68.8)	(247,909)	(52.4)	(177,225)	(69.7)	(306,707)	(114.0)
Share of profits less losses of an associate	—	—	(4,661)	(2.0)	—	—	—	—	—	—
Gain on deemed disposal of an associate	—	—	14,165	6.2	—	—	—	—	—	—
Loss before taxation	**(611,574)**	**(1,217.5)**	**(743,071)**	**(322.9)**	**(904,197)**	**(191.2)**	**(691,024)**	**(271.8)**	**(855,700)**	**(318.1)**
Income tax	—	—	—	—	—	—	—	—	—	—
Loss for the year/ period	**(611,574)**	**(1,217.5)**	**(743,071)**	**(322.9)**	**(904,197)**	**(191.2)**	**(691,024)**	**(271.8)**	**(855,700)**	**(318.1)**
Loss attributable to:										
Equity shareholders of the Company	(611,574)	(1,217.5)	(752,788)	(327.1)	(860,915)	(182.1)	(658,812)	(259.2)	(829,780)	(308.4)
Non-controlling interests	—	—	9,717	4.2	(43,282)	(9.2)	(32,212)	(12.7)	(25,920)	(9.6)

Non-IFRS Measures

We define adjusted loss for the year/period (non-IFRS measure) as loss for the year/period adjusted by adding back (i) changes in the carrying amount of redemption liabilities, representing the carrying amounts changes of the redemption rights granted by us, which is non-cash in nature and will be reclassified to equity after the termination of the investors' redemption rights upon Listing, (ii) equity settled share-based payment, which was non-cash in nature and represented the employee benefit expenses incurred in connection with our award to management and key employees, and (iii) Listing expenses, which represented expenses in relation to the Global Offering. Such expenses in any specific year/period are not expected to result in future cash payments.

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

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

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
Reconciliation of loss for the year/period to adjusted loss for the year/period (non-IFRS measure)										
Loss for the year/period	(611,574)	(1,217.5)	(743,071)	(322.9)	(904,197)	(191.2)	(691,024)	(271.8)	(855,700)	(318.1)
Add:										
Changes in the carrying amount of redemption liabilities	131,384	261.6	157,746	68.5	224,995	47.6	164,047	64.5	294,973	109.6
Equity settled share-based payment	36,104	71.9	42,871	18.6	51,479	10.9	37,512	14.8	77,280	28.7
Listing expenses	—	—	—	—	—	—	—	—	21,280	7.9
Adjusted loss for the year/period (non-IFRS measure)	**(444,086)**	**(884.1)**	**(542,454)**	**(235.7)**	**(627,723)**	**(132.7)**	**(489,465)**	**(192.5)**	**(462,167)**	**(171.8)**

Revenue

During the Track Record Period, we generated substantially all of our revenue from the PRC. Our revenue was primarily derived from the sales of on-device computing products, with a growing contribution from smart vehicle SoCs and edge AI inference products. The following table sets forth our revenue breakdown by product and service type for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)									
							(Unaudited)			
On-device computing products	44,702	89.0%	208,454	90.6%	447,036	94.5%	244,387	96.1%	234,535	87.2%
Edge AI inference products	—	—	5,158	2.2%	18,582	3.9%	4,563	1.8%	15,983	5.9%
Smart vehicle products	28	0.1%	7,801	3.4%	6,707	1.4%	4,911	1.9%	17,259	6.4%
Others[(1)]	5,500	10.9%	8,714	3.8%	567	0.1%	355	0.1%	1,257	0.5%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

Our revenue increased from RMB50.2 million in 2022 to RMB230.1 million in 2023, and further to RMB472.9 million in 2024. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. The increase was primarily attributable to the successful acquisition of Huatu, as well as the continued expansion in on-device computing business and rapid ramp-up of our sales of smart vehicle SoCs and edge AI inference products. For details of the acquisition of Huatu, see "History, Development and Corporate Structure—Major Acquisitions, Disposals and Mergers" in this prospectus and note 31 and note 35 to the Accountants' Report as set out in Appendix I to this prospectus.

Gross Profit and Gross Profit Margin

Gross profit is equal to our revenue less cost of sales. Gross profit margin is calculated as gross profit divided by revenue for the relevant year/period. The following table sets forth our gross profit and gross profit margin by product and service type for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000, except for percentages)						*(Unaudited)*			
On-device computing products	7,471	16.7%	45,885	22.0%	87,683	19.6%	48,280	19.8%	40,244	17.2%
Edge AI inference products	—	—	2,672	51.8%	7,867	42.3%	2,301	50.4%	6,925	43.3%
Smart vehicle products	23	82.1%	2,408	30.9%	3,546	52.9%	2,732	55.6%	8,538	49.5%
Others(1)	5,500	100.0%	8,279	95.0%	307	54.1%	210	59.2%	1,257	100.0%
Total gross profit/ overall gross profit margin	**12,994**	**25.9%**	**59,244**	**25.7%**	**99,403**	**21.0%**	**53,523**	**21.1%**	**56,964**	**21.2%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

Our gross profit increased from RMB13.0 million in 2022 to RMB59.2 million in 2023, and further to RMB99.4 million in 2024, and increased from RMB53.5 million in the nine months ended September 30, 2024 to RMB57.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the substantial increase in revenue during the years. Moreover, during the nine months ended September 30, 2025, sales of our edge AI inference and smart vehicle products continued to grow, reflecting the culmination of years of development and further boosting our gross profit. Our overall gross profit margin was 25.9%, 25.7%, 21.0%, 21.1% and 21.2% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The overall gross profit margin decreased from 2022 to 2024 mainly due to the change in product mix, especially the increased proportion of on-device computing products, which generally have a lower gross profit margin compared to other products. Nevertheless, as we have continued upgrading our on-device computing products and gradually launched certain mid- to high-end models, coupled with the growing market acceptance of these products, the selling price and gross profit margin of our on-device computing products generally increased from 2022 to 2024. The gross profit margin of our on-device computing products increased from 16.7% in 2022 to 19.6% in 2024. However, it decreased from 19.8% in the nine months ended September 30, 2024 to 17.2% in the nine months ended September 30, 2025 due to strategic pricing adjustments on certain on-device products to optimize inventory levels and accelerate market penetration.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Total non-current assets	204,041	1,736,383	1,597,937	1,658,448
Total current assets	870,511	796,783	1,410,022	1,370,431
Total current liabilities	2,145,864	3,862,216	5,215,323	7,166,574
Total non-current liabilities	8,355	202,008	168,530	379,904
Net current liabilities	1,275,353	3,065,433	3,805,301	5,796,143
Total assets less current liabilities	(1,071,312)	(1,329,050)	(2,207,364)	(4,137,695)
Net liabilities	1,079,667	1,531,058	2,375,894	4,517,599

Our net current liabilities increased from RMB1,275.4 million as of December 31, 2022 to RMB3,065.4 million as of December 31, 2023, primarily due to an increase of RMB1,716.4 million in our current liabilities, which was mainly attributable to the increase of RMB871.3 million in financial instruments issued to investors, representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing, and the increase of RMB692.1 million in other payables and accruals representing the share swap consideration payable to the original shareholders of Zhejiang Huatu in relation to our acquisition of Huatu.

Our net current liabilities increased from RMB3,065.4 million as of December 31, 2023 to RMB3,805.3 million as of December 31, 2024, primarily due to an increase of RMB1,353.1 million in our current liabilities mainly due to the increase of RMB1,592.4 million in financial instruments issued to investors representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing, partially offset by an increase of RMB613.2 million in our current assets mainly attributable to the increase of RMB526.5 million in cash and cash equivalents primarily attributable to the proceeds we received from Series C Financing in 2024.

Our net current liabilities increased from RMB3,805.3 million as of December 31, 2024 to RMB5,796.1 million as of September 30, 2025, primarily due to an increase of RMB1,951.3 million in our current liabilities mainly due to the increase of RMB2,081.2 million in financial instruments issued to investors representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing.

Our net liabilities increased from RMB1,079.7 million as of December 31, 2022 to RMB1,531.1 million as of December 31, 2023, primarily due to loss for the year in 2023 of RMB743.1 million, recognition of financial instruments issued to investors in 2023 of RMB713.5 million, partially offset by issuance of financial instruments to investors in 2023 of RMB672.6 million. Our net liabilities further increased to RMB2,375.9 million as of December 31, 2024, primarily due to loss for the year in 2023 of RMB904.2 million, recognition of financial instruments issued to investors in 2023 of RMB1,367.4 million, partially offset by issuance of financial instruments to investors in 2023 of RMB1,375.4 million. Our net liabilities increased from RMB2,375.9 million as of December 31, 2024 to RMB4,517.6 million as of September 30, 2025, primarily due to acquisition of additional interests in subsidiaries of RMB1,343.0 million and loss for the period in the nine months ended September 30, 2025 of RMB855.7 million, recognition of financial instruments issued to investors in the nine months ended September 30, 2025 of RMB1,786.2 million, partially offset by issuance of financial instruments to investors in the nine months ended September 30, 2025 of RMB1,766.2 million. Upon Listing, all our financial instruments issued to investors will be converted into ordinary shares. As a result, such liability will be de-recognized and reclassified as equity, and we expect that we will turn into net asset position upon Listing.

For details, see "Financial Information—Discussion of Key Items of Consolidated Statements of Financial Position."

Summary of Combined Statements of Cash Flows

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,	
	2022	2023	2024	2024	2025
			(RMB'000)		
				(Unaudited)	
Operating cash flows before movements in working capital	(403,349)	(470,297)	(449,772)	(355,852)	(379,517)
Changes in working capital	(44,071)	10,055	(147,756)	(78,223)	(169,358)
Net cash used in operating activities	(447,420)	(460,242)	(597,528)	(434,075)	(548,875)
Net cash generated from/(used in) investing activities	120,897	120,725	24,393	31,463	(484,990)
Net cash generated from financing activities	278,234	586,233	1,100,619	208,049	531,392
Net (decrease)/increase in cash and cash equivalents	(48,289)	246,716	527,484	(194,563)	(502,473)
Cash and cash equivalents at beginning of the year/period	117,146	68,841	316,738	316,738	843,250
Effect of foreign exchange rate changes	(16)	1,181	(972)	(796)	(344)
Cash and cash equivalents at end of the year/period	**68,841**	**316,738**	**843,250**	**121,379**	**340,433**

For details, see "Financial Information—Liquidity and Capital Resources—Cash Flows."

For the nine months ended September 30, 2025, our net cash used in operating activities was RMB548.9 million, which was primarily attributable to our loss before taxation of RMB855.7 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB295.0 million, decrease in trade receivables of RMB162.6 million, amortization of intangible assets of RMB78.3 million and equity settled share-based payment of RMB77.3 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB150.5 million, increase in prepayments and other receivables of RMB121.4 million and decrease in trade and bill payables of RMB37.8 million.

In 2024, our net cash used in operating activities was RMB597.5 million, which was primarily attributable to our loss before taxation of RMB904.2 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB225.0 million, amortization of intangible assets of RMB126.4 million, equity settled share-based payment of RMB51.5 million and increase in trade and bill payables of RMB39.2 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB76.6 million, increase in trade receivables of RMB42.8 million and increase in prepayments and other receivables of RMB53.8 million.

In 2023, our net cash used in operating activities was RMB460.2 million, which was primarily attributable to our loss before taxation of RMB743.1 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB157.7 million, decrease in inventories of RMB76.3 million, amortization of intangible assets of RMB67.3 million, decrease in prepayments and other receivables of RMB53.6 million and equity settled share-based payment of RMB42.9 million; and (ii) negative adjustments, which primarily included increase in trade receivables of RMB126.3 million.

In 2022, our net cash used in operating activities was RMB447.4 million, which was primarily attributable to our loss before taxation of RMB611.6 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB131.4 million, amortization of intangible assets of RMB45.5 million, equity settled share-based payment of RMB36.1 million, increase in trade and bill payables of RMB16.6 million, and decrease in prepayments and other receivables of RMB15.7 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB49.9 million and increase in trade receivables of RMB26.3 million.

PATHWAY TO PROFITABILITY

We are deeply committed to business sustainability, which serves as the foundation of all our operations. Our focus remains on creating long-term value and building resilience in a fast-paced and highly competitive market. To achieve this, we consistently invest in advancing our technology and products, optimizing operational performance, and enhance our collaboration with stakeholders across the value chain, to securing and enhancing our position as an industry leader.

During the Track Record Period, we had loss for the year/period of RMB611.6 million, RMB743.1 million, RMB904.2 million, RMB691.0 million and RMB855.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Eliminating impact of items including (i) equity settled share-based payment, (ii) change in the carrying amount of redemption liabilities and (iii) listing expenses, we generated an adjusted loss for the year/period (non-IFRS measure) of RMB444.1 million, RMB542.5 million, RMB627.7 million, RMB489.5 million and RMB462.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See "Financial Information—Description of Selected Items of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure." Our loss for the year/period and adjusted loss for the year/period (non-IFRS measure) were primarily due to:

(i) *Massive R&D expenses during the Track Record Period:* We incurred a significant amount of R&D expenses during the Track Record Period, amounting to RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million, respectively, in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025. The significant amount of R&D expenses was primarily a result of the substantial resources we allocated in developing our proprietary technologies and products, primarily attributable to the expansion of our R&D headcount and our commercialization efforts. To accelerate product development and business growth, we expanded our engineering team and made significant investments in the tape-out, verification, and customer customization of our advanced SoCs to secure design wins.

(ii) *Increase in general and administrative expenses and sales and marketing expenses during the Track Record Period:* We are currently growing rapidly. Our general and administrative expenses and sales and marketing expenses increased as we continuously expanded our business scale and ramped up commercialization. However, as we expand the scale and scope of our business, we expect to drive continuous improvements to our operational efficiency.

(iii) *Changes in the carrying amount of redemption liabilities:* We recorded RMB131.4 million, RMB157.7 million, RMB225.0 million, RMB164.0 million and RMB295.0 million in changes in the carrying amount of redemption liabilities in the consolidated statements of profit or loss for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The shares with preferred rights will be reclassified from liabilities to equity upon Listing. For details, see "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Net Finance Costs."

Rapid and Sustainable Growth during the Track Record Period

Despite the net loss we incurred during the Track Record Period, we have experienced strong revenue growth during the same period, demonstrating our ability to successfully commercialize our products. Our revenue increased from RMB50.2 million in 2022 to RMB230.1 million in 2023, and further to RMB472.9 million in 2024. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the successful acquisition of Huatu, as well as the continued expansion in on-device computing products and rapid ramp-up of our sales of smart vehicle SoC and edge AI inference products.

As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception. As of the same date, we had independently developed and commercialized five generations of SoCs, namely the AX630A, AX620A, AX650N, AX620E and AX520C series, spanning dozens of types. In particular, our sales of on-device computing SoCs and edge computing SoCs experienced significant growth in 2024, increasing by approximately 69% and 400% compared to 2023, respectively. In the nine months ended September 30, 2025, revenue from our on-device computing products remained the primary contributor to our total revenue. Meanwhile, our sales of smart vehicle products and edge computing SoCs saw substantial growth in the nine months ended September 30, 2025, rising by approximately 251.4% and 272.7%, respectively, compared to the same period in 2024.

Our gross profit increased from RMB13.0 million in 2022 to RMB59.2 million in 2023, and further to RMB99.4 million in 2024, and increased from RMB53.5 million in the nine months ended September 30, 2024 to RMB57.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the substantial increase in revenue during the years. Moreover, during the nine months ended September 30, 2025, sales of our edge AI inference and smart vehicle products continued to grow, reflecting the culmination of years of development and further boosting our gross profit. Our overall gross profit margin was 25.9%, 25.7%, 21.0%, 21.1% and 21.2% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The overall gross profit margin decreased from 2022 to 2024 mainly due to the change in product mix, especially the increased proportion of on-device computing products, which generally have a lower gross profit margin compared to other products. Nevertheless, as we have continued upgrading our on-device computing products and gradually launched certain mid- to high-end models, coupled with the growing market acceptance of these products, the selling price and gross profit margin of our on-device computing products generally increased from 2022 to 2024.

Further Plans to Improve Financial Performance

Based on the following key initiatives we will continue to pursue to maintain sustainability and achieve profitability, our Directors believe that our business is sustainable:

(i) *Capturing the opportunities presented by the fast-growing markets.* According to CIC, the global market for visual on-device AI inference chips is expected to experience rapid growth in the coming years. Notably, the market is undergoing a significant shift toward mid-to-high-end chips. As the fifth largest provider of visual on-device AI inference chips and the largest provider in the mid-to-high-end segment globally in terms of shipment volume in 2024, we are well-positioned to capitalize on this expanding demand. Revenue from sales of mid-to-high-end visual on-device AI inference chips which outpaced the increase in our overall revenue. As the second-largest domestic provider of smart driving SoCs in China in terms of the number of smart vehicles sold in 2024 with such SoCs installed, we are well-placed to capture market opportunities of the emerging smart vehicle application. We are actively engaging with potential customers to pursue more design wins, improve our products based on customer feedbacks and introduce new offerings building on our successful track record in commercializing SoC products for smart vehicles. Building on our expertise in on-device and edge AI computing, we are actively developing the next generation of edge AI inference SoCs to meet the growing demand for high-performance, energy-efficient, and scalable AI solutions.

(ii) *Enriching our product portfolio and expanding our customer base.* By continuously enhancing our product portfolio and developing innovative new capabilities, we are committed to better addressing the evolving needs of our customers. In 2025, we have secured orders for our newly launched products and are further expanding our product portfolio. For example, our M57 SoC, which successfully completed tape-out in January 2025, is designed to address global market demands for L2 ADAS applications and has completed engineering sample validation and secured design wins for six vehicle models with multiple leading Tier 1 suppliers as of the Latest Practicable Date. In addition, we are actively working towards developing more advanced SoCs targeting smart vehicle and edge computing markets which in turn expanding our customer base. To support higher levels of smart driving, we are developing advanced SoCs, such as M97, which will feature significantly enhanced AI computing capabilities, multi-sensor fusion support, and scalability for more complex smart driving scenarios. We expect to launch M97 in the third quarter of 2026, followed by versatile and scalable solution. Furthermore, we are developing the 8830 Series and 8860 Series edge AI products, which are designed to support a wide range of AI applications by leveraging state-of-the-art technologies that deliver superior computing capabilities and flexibility.

(iii) *Optimizing product mix to maintain and improve our gross margin profile.* We are committed to further optimizing our product mix to maintain and improve our overall gross profit margin. On-device computing products have been our largest revenue and gross profit contributor, and we have continued to upgrade these products, gradually launching certain mid-to-high-end models. Coupled with growing market acceptance, the selling price and gross profit margin of our on-device computing products generally increased during the Track Record Period. Additionally, our emerging smart vehicle products and edge AI inference products, which are at the early stages of ramping up, have recorded relatively higher gross profit margins. As we continuously introduce new products featuring advanced technologies in these two business segments, we expect to generate more revenue and gross profit from these two segments, and therefore improving our overall gross profit margin.

(iv) *Enhancing our operational efficiency and economies of scale.* Through disciplined cost management and optimization of our resources and infrastructure, we are committed to enhancing our operational efficiency and improving our profitability and competitive positioning. We expect to further optimize our platform-based operational model, which systematically integrates our technology innovation, product development, and go-to-market strategies to drive scalable growth in the rapidly evolving AI SoC, to drive even greater operating efficiency. Going forward, we aim to prudently undertake new major R&D projects, prioritizing development initiatives with strong commercial potential and market readiness, which will minimize resource allocation to less impactful initiatives, ensuring efficient use of R&D budgets. We also expect to realize higher cost efficiencies in the R&D process, particularly in tape-out, testing, and packaging, driven by the increasing economies of scale from mass production. Additionally, we are taking measures to optimize our cost structure and enhance our brand awareness, sales, and marketing efficiencies, which we believe will further bolster our operational performance and competitiveness.

(v) *Continuing stringent cash management practices.* We closely monitor and manage our cash position and cash requirements to ensure that we have sufficient working capital for our operations. Our finance department actively manages our working capital, accounts receivable, and payables. We regularly review our cash position and funding needs to optimize cash allocation across operations, maintain a healthy capital structure, and meet working capital requirements. Prior to securing external financing, our finance department carefully evaluate the purpose and necessity, then selects the most suitable solutions to fulfill cash needs.

During the Track Record Period, we financed our operations and other capital requirements primarily through sales of our products, capital contributions from equity holders and bank borrowings. Our financial resources are sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

For details, see "Business—Pathway to Profitability."

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. Some of the major risks we face include: (i) the industry in which we operate are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected; (ii) if we are unable to develop and introduce new or upgraded products, our future business, results of operations, financial condition and competitive position would be materially and adversely affected; (iii) we have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve; (iv) we depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in sales to, one or more of our major customers would adversely affect our business, results of operations and financial condition; (v) we may face supply chain risks, including interruptions of requisite materials, components, equipment, and services due to reliance on a limited number of suppliers, or failure by suppliers to achieve satisfactory yields or quality standards, which could adversely affect our reputation, customer relationships and business operations; (vi) our results of operations may be affected by the cyclical nature of the semiconductor industry, fluctuations in our business, and variations in our selling prices and operating costs from period to period; (vii) the size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate due to a variety of factors, which would materially and adversely affect our business, financial condition, results of operations and prospects; and (viii) we have a limited operating history and track record in the commercialization of our products, which makes it difficult to forecast our future results of operations, and our historical growth may not be indicative of our future performance.

OFFERING STATISTICS

	Based on an Offer Price of HK$28.20 per Offer Share
Market capitalization of our Shares(1)	HK$16,574.8 million
Unaudited pro forma adjusted net tangible assets per Offer Share(2)(3)	HK$6.72

Notes:

(1) The calculation of the market capitalization is based on 587,760,481 Shares expected to be in issue immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

(2) The unaudited pro forma adjusted consolidated net tangible assets per Offer Share has been arrived at after adjustments referred to "Appendix II—Unaudited Pro Forma Financial Information" and on the basis that 500,747,481 Shares were in issue at the Offer Price of HK$28.20 per Offer Share, assuming that the Shares issued pursuant to the Global Offering were issued on September 30, 2025 (excluding 87,013,000 shares held for employee incentive scheme, as set out in note 30(d)(ii) to the Accountants' Report as set out in Appendix I to this prospectus), and any shares may be issued upon the exercise of the Over-allotment Option and the options granted under our employee incentive schemes. For further details, please refer to "Appendix II—Unaudited Pro Forma Financial Information—A. Unaudited Pro Forma Adjusted Net Tangible Assets" to this prospectus.

(3) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to September 30, 2025.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We are applying for Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test with reference to (i) our revenue for the year ended December 31, 2024, which is over HK$500 million as required by Rule 8.05(3); and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price, significantly exceeds HK$4 billion as required by Rule 8.05(3).

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned by: (i) Jiaxing Zhixin as to 8.93%; (ii) Jiaxing Aixin as to 7.49%; (iii) Shanghai Bonasi as to 4.74%; (iv) Xinsheng Bicheng No.1 as to 0.62%; (v) Xinsheng Bicheng No.2 as to 0.37%; (vi) Xinsheng Bicheng No.3 as to 0.37%; and (vii) Xinsheng Bicheng No.4 as to 0.25%, respectively (Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4 are collectively referred to as "**Xinsheng Bicheng Platforms**"). Dr. QIU controls Shanghai Jinling, which is the general partner of the abovementioned entities. Although the aggregate voting power of the abovementioned entities at the general meetings of our Company fell below 30%, Dr. QIU, through Shanghai Bonasi (an entity controlled by Dr. QIU), is in a position to control the composition of a majority of the Board according to the currently effective articles of association of our Company, which stipulates that Shanghai Bonasi has the right to control six out of eleven seats on the Board. The six directors appointed by Dr. QIU through Shanghai Bonasi all served as directors of our Company as of the Latest Practicable Date, and have been involved in day-to-day management and operation of our Company. They are expected to remain so until the time immediately prior to the Listing. Therefore, pursuant to Rules 1.01 and 19A.14 of the Listing Rules, Dr. QIU, Shanghai Jinling (the general partner of Jiaxing Zhixin, Jiaxing Aixin and Shanghai Bonasi, as well as the general partner of each of the Xinsheng Bicheng Platforms upon completion of the relevant share swaps, as further detailed in "History, Development and Corporate Structure—Major Acquisitions, Disposals and Mergers"), Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms constituted a group of controlling shareholders as of the Latest Practicable Date, and are expected to remain so until the time immediately prior to the completion of the Global Offering.

Upon completion of the Global Offering, as a result of the termination of the special rights and the changes in the Board composition, Dr. QIU will no longer be able to control the majority of the Board seats of our Company. Additionally, assuming the Over-allotment Option is not exercised, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms will collectively be entitled to exercise voting rights attaching to 18.70% of the total issued Shares of our Company. Accordingly, our Company will no longer have any controlling shareholder. Instead, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms will constitute the Single Largest Group of Shareholders upon completion of the Global Offering. For details, see "Relationship with Our Single Largest Group of Shareholders."

PRE-IPO INVESTMENTS

Since the establishment of our Group, we have attracted a broad and diversified base of Pre-IPO Investors through equity financings and share transfers, such as Inno-Chip, Wuhu Kuangyun, Qiming Venture Partners and Beijing Kuxun Technology. For details of background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments."

MAJOR ACQUISITION

In 2023, with an aim to acquire the business of Zhejiang Xinsheng, we entered into a number of separate share purchase agreements with certain then existing shareholders of Zhejiang Huatu, the holding company of Zhejiang Xinsheng (the "**Acquisition**"). On October 31, 2023, our Company obtained control over Zhejiang Huatu, which became a subsidiary of our Company on the same day. After completion of two rounds of share swaps, Zhejiang Huatu was owned by our Company as to approximately 99.04% as of the Latest Practicable Date. For details, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers."

According to Rule 4.05A of the Listing Rules, the Acquisition would have been classified at the date of application for our Listing, as a major transaction under Chapter 14 of the Listing Rules. For details, see note 35 to the Accountants' Report as set out in Appendix I to this prospectus.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2025

Our Directors estimate, on the bases set out in Appendix IIA to this prospectus, and in the absence of unforeseen circumstances, the estimated consolidated loss attributable to equity shareholders of our Company for the year ended December 31, 2025 as follows:

Estimated consolidated loss attributable to equity shareholders of our Company for the year ended December 31, 2025(1)	Not more than RMB1,151.1 million

Note:

(1) The basis on which the above estimate has been prepared is set out in Appendix IIA to this prospectus.

DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We also do not have any dividend policy in place or pre-determined dividend payout ratio. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not intend to pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Pursuant to applicable PRC laws and regulations and as confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,790.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, based on an Offer Price of HK$28.20 per Share and assuming that the Over-allotment Option is not exercised. We currently intend to apply these net proceeds for the following purposes:

(i) Approximately 60.0%, or HK$1,674.1 million, will be used for investment in optimizing our existing technology platform mainly to make incremental improvements to our current products for enhanced performance and efficiency, and introducing new products;

(ii) Approximately 15.0%, or HK$418.5 million, will be used for investment in R&D projects mainly to develop new technologies that broaden our horizons;

(iii) Approximately 5.0%, or HK$139.5 million, will be used for our sales expansion;

(iv) Approximately 10.0%, or HK$279.0 million, will be used for equity investments or acquisitions aimed at further integrating upstream and downstream industry resources; and

(v) Approximately 10.0%, or HK$279.0 million, will be used for working capital and other general corporate purposes.

For details, see "Future Plans and Use of Proceeds."

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$168.5 million based on an Offer Price of HK$28.20 per Share, representing approximately 6.0% of the estimated net proceeds from the Global Offering assuming no Shares are issued pursuant to the Over-allotment Option. The listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of approximately HK$109.6 million; and (ii) non-underwriting-related expenses of approximately HK$58.9 million, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$34.6 million, and (b) other fees and expenses of approximately HK$24.3 million. During the Track Record Period, the listing expenses charged to our consolidated statements of profit or loss were RMB21.3 million (equivalent to approximately HK$23.7 million). After the Track Record Period, approximately HK$33.0 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$111.8 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS

Business Development

We are actively engaging customers regarding our M57 SoC, which is designed to address global market needs for L2 ADAS applications with improved computing performance, energy efficiency, and functional safety. As of the Latest Practicable Date, we had secured six design wins for our M57 SoC.

In November 2025, we established a joint venture company, Chongqing Chuangyuan Zhihang Technology Co., Ltd. (重慶創元智航科技有限公司) ("**Chongqing Chuangyuan Zhihang**"), with other shareholders, mainly including a company controlled by NIO Inc. and OmniVision Integrated Circuits Group, Inc. (豪威集成电路(集团)股份有限公司). For details, see "History, Development and Corporate Structure—Our Shareholding and Corporate Structure—Immediately Prior to the Global Offering." Chongqing Chuangyuan Zhihang will primarily focus on the research, development, and sales of the M97 SoC series. As the single largest shareholder with a majority representation on the board of directors, our Group exercises control over Chongqing Chuangyuan Zhihang. Consequently, Chongqing Chuangyuan Zhihang will be consolidated as a subsidiary in our Group's financial statements since December 31, 2025.

Regulatory Update

Starting in February 2025, the U.S. imposed significant tariffs on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act ("IEEPA"). These measures prompted reciprocal tariffs from China and other countermeasures, including various controls on exports of rare earth elements and critical minerals to the United States. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The United States has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. The United States has also further extended the expiration of certain Section 301 tariff exclusions until November 10, 2026. The U.S. tariff and trade policies are subject to constant changes, influenced by evolving geopolitical dynamics, economic priorities and regulatory agenda, and such policies may be amended, expanded, or replaced with little or no advance notice. While we do not believe such tariffs will materially and adversely affect our business operations and financial performance, we will closely monitor the developments relating to such tariffs. See also "Risk Factors—Risks Related to our Business and Industry—We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies, and our business, financial condition and results of operations could be adversely affected."

Expected Loss for the Year

We anticipate that we will continue to incur loss for the year ended December 31, 2025, primarily due to the expected substantial research and development expenses. Our net loss for the year ended December 31, 2025 is expected to increase compared to 2024, mainly attributable to (i) one-off listing expenses and (ii) increased employee compensation expenses including equity settled share-based payments.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since September 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report as set out in Appendix I to this prospectus, and up to the date of this prospectus.

IMPACT OF COVID-19 PANDEMIC

Despite the macroeconomic challenges posed by the COVID-19 pandemic, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic.

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

"Accountants' Report"	the accountants' report for the three years ended December 31, 2024 and the nine months ended September 30, 2025, the text of which is set out in Appendix I to this prospectus
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"Articles of Association" or "Articles"	the articles of association of our Company adopted on June 23, 2025 which will become effective upon the Listing Date and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Beijing Axera"	Beijing Axera Technology Co., Ltd. (北京愛芯科技有限公司), a limited liability company established in the PRC on May 30, 2019, which is a wholly-owned subsidiary of our Company.
"Board" or "Board of Directors"	the board of Directors of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Capital Market Intermediaries"	has the meaning ascribed thereto under the Listing Rules, and unless the context requires otherwise, refers to the capital market intermediaries named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, references in this prospectus to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region and Taiwan of the People's Republic of China
"Chongqing Axera"	Axera Semiconductor (Chongqing) Co., Ltd. (愛芯元智半導體(重慶)有限公司), a limited liability company established in the PRC on November 26, 2024, which is a wholly-owned subsidiary of the Company

"CIC Report" or "China Insights Consultancy Report"	an independent market research report commissioned by us and prepared by China Insights Consultancy for the purpose of this prospectus
"CIC" or "China Insights Consultancy"	China Insights Industry Consultancy Limited, our industry consultant, an independent market research consulting company, which prepared the China Insights Consultancy Report
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Axera Semiconductor Co., Ltd. (愛芯元智半導體股份有限公司) (previously known as Axera Semiconductor (Ningbo) Co., Ltd. (愛芯元智半導體（寧波）有限公司), Axera Semiconductor (Shanghai) Co., Ltd. (愛芯元智半導體（上海）有限公司) and Shanghai Zhiaixin Semiconductor Technology Co., Ltd. (上海智砹芯半導體科技有限公司)), a limited liability company established in the PRC on April 20, 2020, and converted into a joint stock company with limited liability on March 8, 2024
"Compliance Advisor"	BOCOM International (Asia) Limited
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Conversion of Unlisted Shares into H Shares"	the conversion of 482,845,281 Unlisted Shares into H Shares on a one-for-one basis upon the completion of Global Offering. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on January 6, 2026 and an application for H Shares to be listed on the Stock Exchange has been made to the Listing Committee
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rule
"CSDC"	China Securities Depository and Clearing Co., Ltd. (中國證券登記結算有限責任公司)
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors

"Dr. QIU"	Dr. QIU Xiaoxin, our founder, the chairperson of the Board, an executive Director and a member of our Single Largest Group of Shareholders
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"EIT"	enterprise income tax
"Employee Incentive Platforms"	the employee incentive platforms established for the purpose of implementing the Restricted Share Incentive Scheme including Jiaxing Zhixin, Jiaxing Aixin, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3, Xinsheng Bicheng No. 4 and other limited partnerships set up for the implementation of the Restricted Share Incentive Scheme which serve as the limited partners of Jiaxing Zhixin and Jiaxing Aixin
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FIL"	the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》)
"FINI" or "Fast Interface for New Issuance"	an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
"General Rules of HKSCC"	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "our," "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants"	the Guide for New Listing Applicants as amended from time to time
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	overseas listed foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be subscribed for and traded in HK dollars, and for which an application has been made for listing and permission to trade on the Stock Exchange
"Hangzhou Axera"	Hangzhou Axera Technology Co., Ltd. (杭州愛芯元智科技有限公司), a limited liability company established in the PRC on September 23, 2021, which is a wholly-owned subsidiary of our Company.

"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) on the terms and conditions described in this prospectus as further described in the section headed "Structure of the Global Offering—The Hong Kong Public Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated January 29, 2026 relating to the Hong Kong Public Offering entered into by, our Company, the Single Largest Group of Shareholders, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement" in this prospectus
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Huatu"	Zhejiang Huatu and its subsidiaries
"IASB"	International Accounting Standards Board

"IFRS"	the International Financial Reporting Standards as issued by the IASB, which comprise the IFRS Accounting Standards, International Accounting Standards, Interpretations developed by the IFRS Interpretations Committee or its predecessor body, the Standing Interpretations Committee
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
"International Offer Shares"	the H Shares initially offered by our Company for subscription at the Offer Price pursuant to the International Offering together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus)
"International Offering"	the offer of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act, as further described in "Structure of the Global Offering—The International Offering" in this prospectus
"International Underwriters"	the group of international underwriters, led by the Overall Coordinators that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or about February 6, 2026 by, among other parties, our Company, the Joint Sponsors, the Overall Coordinators, and the International Underwriters, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—International Offering—International Underwriting Agreement" in this prospectus
"Jiaxing Aixin"	Jiaxing Aixin Enterprise Management Center L.P. (嘉興愛芯企業管理合夥企業(有限合夥)) (previously known as Qingdao Aixin Enterprise Management Center L.P. (青島愛芯企業管理中心(有限合夥)), a limited partnership established in the PRC on July 26, 2019, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Jiaxing Zhixin"	Jiaxing Zhixin Yuanzhi Enterprise Management Center L.P. (嘉興智芯元智企業管理合夥企業(有限合夥)) (previously known as Qingdao Zhixin Yuanzhi Enterprise Management Center L.P. (青島智芯企業管理中心(有限合夥)), a limited partnership established in the PRC on May 29, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Joint Global Coordinators," "Joint Bookrunners" or "Joint Lead Managers"	the joint global coordinators, the joint bookrunners and the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus

"Joint Sponsors"	the joint sponsors as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Latest Practicable Date"	January 23, 2026, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date expected to be on or about Tuesday, February 10, 2026, on which dealings in our H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部))
"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	HK$28.20, being the price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%) at which Offer Shares are to be subscribed for, to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (each for itself and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 15,737,200 additional H Shares, representing approximately 15% of the Offer Shares initially being offered under the Global Offering, at the Offer Price

	to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering—Over-allotment Option" in this prospectus
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Overseas Listing 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》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Advisors"	CM Law Firm, the legal advisors to our Company as to the laws of the PRC
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998, and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investor(s), details of which are set out in the section headed "History, Development and Corporate Structure—Pre-IPO Investments" in this prospectus
"Pre-IPO Investor(s)"	the investor(s) of Pre-IPO Investment(s)
"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"Restricted Share Incentive Scheme"	the Restricted Share Incentive Scheme adopted by our Company on April 27, 2020, and further amended on May 13, 2025, the principal terms of which are set out in "Statutory and General Information—D. Restricted Share Incentive Schemes" in Appendix IV to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC

"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares (prior to Listing) and H Shares (upon Listing)
"Shareholder(s)"	holder(s) of our Share(s)
"Shanghai Axera"	Shanghai Axera Technology Co., Ltd. (上海砹芯科技有限公司), a limited liability company established in the PRC on November 22, 2019, which is a wholly-owned subsidiary of Beijing Axera
"Shanghai Bonasi"	Shanghai Bonasi Enterprise Management Center L.P. (上海博納斯企业管理中心(有限合夥) (previously known as Tianjin Bonasi Enterprise Management Center (Limited Partnership) (天津博納斯企業管理中心（有限合夥） and Qingdao Bonasi Enterprise Management Center (Limited Partnership) (青島博納斯企業管理中心（有限合夥)), a limited partnership established in the PRC on September 3, 2021, the shareholding platform of Dr. QIU and one of our Single Largest Group of Shareholders
"Shanghai Jinling"	Shanghai Jinling Enterprise Management Consulting Co., Ltd. (上海衿淩企業管理諮詢有限公司), a limited liability company established in the PRC on August 26, 2021, which is controlled by Dr. QIU and one of our Single Largest Group of Shareholders
"Single Largest Group of Shareholders"	refers to Dr. QIU, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Shanghai Jinling, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4, details of which are set out in the section headed "Relationship with our Single Largest Group of Shareholders" in this prospectus
"STA"	the State Taxation Administration (中華人民共和國國家稅務總局)
"Stabilization Manager"	China International Capital Corporation Hong Kong Securities Limited
"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, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules

"Supervisor(s)"	supervisor(s) of our Company
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tianjin Axera"	Axera Semiconductor (Tianjin) Co., Ltd. (愛芯元智半導體 (天津) 有限公司), a limited liability company established in the PRC on November 8, 2024, which is a wholly-owned subsidiary of our Company
"Track Record Period"	the three years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Export Control and Sanctions Counsel"	Pillsbury Winthrop Shaw Pittman LLP, the U.S. export control and sanctions counsel of our Company
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"VAT"	value added tax
"**White Form eIPO**"	the application for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuhu Axera"	Wuhu Axera Electronic Technology Co., Ltd. (蕪湖愛芯電子科技有限公司), a limited liability company established in the PRC on July 25, 2019, which is a wholly-owned subsidiary of Beijing Axera
"Zhejiang Huatu"	Zhejiang Huatu Weixin Technology Co., Ltd. (浙江華圖微芯技術有限公司), a limited liability company established in the PRC on October 31, 2014, which is a subsidiary of our Company

"Zhejiang Xinsheng"	Zhejiang Xinsheng Electronic Technology Co., Ltd. (浙江芯昇電子技術有限公司), a limited liability company established in the PRC on April 9, 2020, which is a wholly-owned subsidiary of Zhejiang Huatu
"Xi'an Axera"	Xi'an Axera Technology Co., Ltd. (西安愛芯元智科技有限公司), a limited liability company established in the PRC on November 24, 2021, which is a wholly-owned subsidiary of our Company
"Xinsheng Bicheng No.1"	Hangzhou Xinsheng Bicheng No. 1 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成一號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 13, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Xinsheng Bicheng No.2"	Hangzhou Xinsheng Bicheng No. 2 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成二號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 16, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Xinsheng Bicheng No.3"	Hangzhou Xinsheng Bicheng No. 3 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成三號企業管理合企業（有限合夥）), a limited partnership established in the PRC on November 13, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"Xinsheng Bicheng No.4"	Hangzhou Xinsheng Bicheng No. 4 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成四號企業管理合夥企業（有限合夥）), a limited partnership established in the PRC on November 16, 2020, one of our Employee Incentive Platforms and one of our Single Largest Group of Shareholders
"%"	per cent

For the purpose of this prospectus, references to "provinces" of China include provinces, municipalities under direct administration of the central government and provincial-level autonomous regions.

This glossary of technical terms contains definitions of certain terms used in this prospectus in connection with our Company and our business. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"ADAS"	advanced driver-assistance system. ADAS is designed to assist drivers in the operation and safety of vehicles, by utilizing various sensors, cameras, and software algorithms to provide additional functionalities and enhance the driving experience
"AES"	advanced encryption standard
"API"	application programming interface, a type of software interface offering a service to other pieces of software
"ASIL"	automotive safety integrity level, a risk classification scheme defined by ISO 26262 and there are four ASIL levels identified by the standard, namely ASIL A, ASIL B, ASIL C and ASIL D, among which ASIL D dictates the highest integrity requirements on the product and ASIL A the lowest
"automotive-grade"	an automotive-grade chip refers to a chip that is specifically designed, manufactured and qualified to meet the stringent requirements and standards of the automotive industry (such as AEC-Q100 and ASIL), which usually comes with a wide range of operational temperature range from -40~125°, service life of 10-20 years, high environmental adaptability, and requires very low failure rate to ensure safety of the automobiles
"BEV"	bird's eye view, a perception method that transforms the environment surrounding a vehicle into an overhead 3D coordinate system
"bitrate"	the number of bits processed or transmitted per unit of time, which serves as a key metric for quantifying both digital information transmission speed and data processing capacity
"BOM"	bill of materials
"CAGR"	compound annual growth rate
"CMS"	camera monitoring system, consisting of cameras, image processing software, and a monitor (usually integrated into rear-view or side mirrors) to display potential hazards and blind spots around the vehicle
"Codec"	coder-decoder, a device or software that encodes or decodes digital data streams, especially for compressing and decompressing audio or video signals in processing applications
"convolutional neural networks" or "CNN"	a class of artificial neural network, primarily designed to extract features from grid-like matrix datasets. This is particularly useful for visual datasets such as images or videos, where data patterns play a crucial role. CNNs are widely used in computer vision applications due to their effectiveness in processing visual data

"CPU"	central processing unit, a complex set of electronic circuitry that runs the machine's operating system and apps
"DES"	data encryption standard
"design win"	refers to an achievement when a company's product is selected and approved for inclusion in a specific vehicle model or automotive system by an OEM or Tier 1 supplier
"DMS"	driver monitoring system, a vehicle safety system to assess the driver's alertness and warn the driver if needed and eventually apply the brakes
"DSP"	digital signal processor, a specialized microprocessor, with its architecture optimized for the operational needs of digital signal processing
"EDA"	electronic design automation
"E-NCAP"	European New Car Assessment Program, a vehicle safety assessment program specific to Europe. E-NCAP evaluates the safety performance of vehicles sold in the European market and provides safety ratings based on various crash tests and assessment criteria
"fps"	frame per second
"GPU"	graphics processing unit, a general-purpose processor designed to handle graphics processing and parallel computing tasks
"HD"	high definition
"HDR"	high dynamic range, the set of technologies and techniques that allow to increase the dynamic range of images or videos
"I2C"	inter-integrated circuit, a synchronous, multi-master/ multi-slave, single-ended, serial communication bus
"ICA"	intelligent cruise assist
"IEEE"	Institute of Electrical and Electronics Engineers
"integrated circuit" or "IC"	a set of electronic circuits on one small flat piece (or "chip") of semiconductor material, usually silicon
"IP core"	a reusable unit of logic, cell, or integrated circuit layout design that is the intellectual property of one party
"ISO 26262"	an internationally accepted safety standard for automotive electronic and electrical products, made by the International Organization for Standardization. ISO 26262 uses automotive safety integrity level (ASIL) as the risk classification scheme

"ISO 9001"	an internationally accepted standard for quality management, made by the International Organization for Standardization
"ISP"	image signal processor, a type of media processor
"L2"	level two of driving automation, namely partial automation level, as classified by SAE International. Under L2, the vehicle can provide both steering and brake/accelerating support to the driver
"L2+"	enhanced level two of driving automation, where smart driving technologies enable vehicles to function beyond basic L2 features, as defined by market participants, which is not an official classification of SAE International
"large language model"	an AI algorithm that is designed to process and generate human-like language by leveraging statistical patterns learned from vast corpora of text data
"MIPI"	mobile industry processor interface, a set of standards developed by the MIPI Alliance for mobile and mobile-influenced industries. These standards ensure interoperability and performance in mobile device
"neural network"	a computational model inspired by biological neural systems, consisting of interconnected artificial neurons (nodes) that learn complex patterns in data by adjusting connection weights, solving non-linear problems such as classification and prediction
"NOA"	navigate on autopilot, an active guidance feature for enhanced autopilot that, with driver supervision, guides a car from a highway's on-ramp to off-ramp
"NPU"	neural processing unit, a microprocessor that specializes in the deployment of machine learning algorithms
"OEM"	original equipment manufacturer
"PCB"	printed circuit board
"programmable Domain Specific Architecture" or "PDSA"	a programmable computer architecture specifically tailored to operate very efficiently within the confines of a given application domain in contrast to general purpose architectures, such as CPUs, that are designed to operate on any computer program
"quantization"	the process of mapping continuous infinite values to a smaller set of discrete finite values. Rounding and truncation are typical examples of quantization processes. Quantization is involved to some degree in nearly all digital signal processing, as the process of representing a signal in digital form ordinarily involves rounding. Quantization also forms the core of essentially all compression algorithms
"REACH"	registration, evaluation, authorization and restriction of chemicals, the main European Union law to protect human health and the environment from the risks that can be posed by chemicals

"RoHS"	restriction of hazardous substances in electrical and electronic equipment, the European Union rules restricting the use of hazardous substances in electrical and electronic equipment to protect the environment and public health
"SATA"	serial advanced technology attachment, an interface standard that uses serial connection, and is widely used to connect storage devices like hard drives and SSDs to a computer's motherboard, facilitating data transfer
"SD"	secure digital, a proprietary, non-volatile, flash memory card format that the SD Association developed for use in portable devices
"SDK"	software development kit, a set of software tools and programs provided by hardware and software vendors that developers can use to build applications for specific platforms
"SoC"	system-on-chip, an integrated circuit that integrates most or all components of a computer or other electronic system
"SPI"	a standard for synchronous serial communication, used primarily in embedded systems for short-distance wired communication between integrated circuits
"tape-out"	the stage in which the final design of integrated circuits are is sent to the fabrication facility for production
"Tier 1" or "Tier 1 suppliers"	companies that supply parts or systems directly to automotive OEMs. Other types of suppliers in the automotive industry include Tier 2 and Tier 3 suppliers. Tier 2 suppliers supply to Tier 1 suppliers. Tier 3 suppliers supply to Tier 2 suppliers
"toolchain"	a set of programming tools used to perform a complex software development task or to create a software product
"TOPS"	trillion operations per second, a measurement of the overall performance of a supercomputer or a high-end circuit board containing multiple processors or SoCs
"Transformer"	a deep learning architecture, distinguished by its adoption of self-attention, differentially weighting the significance of each part of the input data
"UHD"	ultra high definition
"USB"	universal serial bus, an industry standard that allows data exchange and delivery of power between many various types of electronics
"VLA"	vision-language-action, an AI model that integrates visual perception, natural language understanding and action planning. It enables robots or agents to interpret human instructions (language), perceive the environment (vision), and perform appropriate physical actions

"VLM"	visual-language model, a fusion of vision and natural language models. It ingests images and their respective textual descriptions as inputs and learns to associate the knowledge from the two modalities
"VSLAM"	visual simultaneous localization and mapping, a specific type of SLAM system that leverages 3D vision to perform location and mapping functions when neither the environment nor the location of the sensor is known
"Watt"	a unit used to measure how much power something uses or produces, and one watt is equivalent to one joule of energy transferred or used per second

FORWARD-LOOKING STATEMENTS

We have included in this prospectus 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 prospectus 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 prospectus, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change.

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

- the market opportunities of our products;
- our ability to attract and retain senior management and key employees;
- our operations and business prospects;
- our business strategies and plans to achieve these strategies;
- industry trends and competition;
- general economic, political and business conditions in the industries and markets in which we operate;
- relevant government policies and regulations relating to our industry, business and corporate structure;
- our ability to maintain good relationships with business partners;
- our ability to control costs and expenses;
- our ability to defend our intellectual rights and protect confidentiality;
- our dividend policy;
- changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends;
- capital market developments;
- the actions and developments of our competitors;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- all other risks and uncertainties described in the section headed "Risk Factors" in this prospectus; and
- other statements in this prospectus 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 prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, 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 prospectus are qualified by reference to the cautionary statements in this section.

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

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

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

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

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

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

We may also face competition from new entrants who may offer lower prices or new technologies, and thus increase the level of competition in the future. Increased competition could result in lower sales, price reductions, reduced margins or loss of market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining top scientists and innovative talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such competitive threats, and we cannot assure you that such measures will be effective.

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

If we are unable to develop and introduce new or upgraded products, our future business, results of operations, financial condition and competitive position would be materially and adversely affected.

Since our inception, we have steadfastly focused on developing high-performance, power-efficient, and cost-competitive AI inference SoCs and associated technologies for edge and visual on-device computing. We adopt a technology platform that follows a dual-track approach for development, integrating both iterations of IP cores for technological advancement and repurpose of IP cores for horizontal domain expansion. Our future business, results of operations, financial condition, and competitive position depend on our ability to develop and introduce new or upgraded products that integrate the latest advancements in AI computing, intelligent perception, multi-sensor fusion, and edge processing technologies to meet evolving customer demands, regulatory requirements, and industry standards. We may encounter significant unexpected technical and production challenges, or delays in completing the development and scaling the production of new products in a cost-efficient manner. This requires us to invest significant resources in R&D and also requires that we:

- develop high-performance, energy-efficient AI inference chips that enhance safety, customer experience, and system reliability, differentiating our products from those of our competitors;
- continuously improve the robustness and scalability of our IP cores and platform based technologies to support a wide range of applications;
- cooperate effectively with our customers, suppliers, and partners on the design and development of new products, while managing uncertainties and risks relating to market acceptance and product adoption;
- respond effectively to technological changes and new product launch by our competitors; and
- adjust to changing customer requirements, market conditions, and regulatory standards quickly and cost-effectively.

Furthermore, as the industry advances towards more advanced technologies, there's a tangible risk that the market for our current products could diminish swiftly. Failure to proactively develop and integrate next-generation technologies into our product lineup could result in a substantial loss of market share and revenue. This scenario underscores the critical need for strategic foresight in planning and developing future technologies. We cannot guarantee that the market environment will remain unchanged, nor can we assure that we will successfully plan for the next generation of technology in advance. If there are delays in, or if we fail to complete when expected or at all, the development of new architectures products, we may not be able to satisfy our customers' requirements, maintain existing customers or attract new customers, or achieve broader market acceptance of our products, and as a result, our business, results of operations, financial condition and competitive position would be materially and adversely affected.

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

We have been investing heavily in our R&D efforts. Our research and development expenses amounted to RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The semiconductor industry in which we operate is subject to rapid technological changes and are evolving quickly in terms of technological innovation. We need to invest significant resources, including financial resources, in R&D to make technological advances in order to expand our offerings and make our products innovative and competitive in the market. As a result, we may continue to incur significant research and development expenses in the future.

However, we cannot guarantee that our efforts will deliver the benefits we anticipate or be recognized as expected. Development activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing our development results. New technologies could render our technologies, our technological infrastructure or products that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related product development costs, which could result in a decline in our revenues, profitability and market share.

Our R&D efforts may not contribute to our future results of operations for several years, if at all, and such contributions may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

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

Revenue generated from our largest customer in each year/period during the Track Record Period accounted for 46.9%, 36.0%, 23.9% and 28.0%, respectively, of our total revenue for each of the respective year/period. Revenue generated from our five largest customers in each year/period during the Track Record Period accounted for 91.5%, 85.4%, 75.2% and 75.0%, respectively, of our total revenue for each of the respective year/period. Our business, results of operations and financial condition for the foreseeable future may continue to depend on sales to a relatively small number of customers. In the future, our current major customers may purchase fewer of our products than they did in the past, may alter their purchasing patterns, or may decide not to purchase our products at all. For example, customers and end customers that have purchased our products in the past may decide to design in-house solutions to replace our products that they currently implement. Any of such self-development efforts of our customers and end customers, especially when successful, may reduce their demand of our products and negatively impact our operational and financial results. Further, the amount of revenue generated from any single major customer, or our major customer concentration generally, may fluctuate in any given period. If our major customers scale back or terminate their business relationship with us, or if we are unable to negotiate favorable contractual terms with them, or if we are unable to secure new customers on favorable or comparable terms or at all, our business, financial condition and results of operations may be materially and adversely affected.

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

During the Track Record Period, our suppliers primarily consisted of contract manufacturers, IP vendors, and other service providers. Where possible, we seek to have several sources of supply. However, in some cases, there are limited or no readily available satisfactory alternate providers. Therefore, for certain materials, components, equipment, and services, we rely on a limited number of suppliers, or upon suppliers in a single location. In addition, direct and indirect supplier consolidation or business failures can impact the nature, quality, availability, and pricing of the products and services available to us.

Purchases from our largest supplier in each year/period during the Track Record Period accounted for 28.4%, 12.0%, 28.7% and 22.2%, respectively, of our total purchase amount for each of the respective year/period. Purchases from our five largest suppliers in each year/period during the Track Record Period in aggregate accounted for 78.1%, 43.0%, 64.2% and 66.4%, respectively, of our total purchase amount for each of the respective year/period. The stability of operations and business strategies of our suppliers are beyond our control, and we cannot assure you that we will be able to secure a stable relationship with such suppliers. From time to time, these suppliers may become unable to perform these services on a timely or cost-effective basis, in sufficient volumes, or at all. Finding and qualifying alternate or additional suppliers is often a lengthy process and can lead to production delays, interruptions to our product delivery, or additional costs, and such alternatives are sometimes not available at all. The inability of suppliers to deliver necessary production materials, equipment, or services can disrupt the production processes of our products and make it more difficult for us to implement our business strategy. Suppliers may periodically extend lead times, face capacity constraints, limit supplies, increase prices, experience quality issues, or encounter cybersecurity or other issues that can interrupt or increase the cost of our supply and services. Production of our products can be disrupted by the unavailability of resources, such as water, silicon, electricity, gasses, and other materials. The unavailability or reduced availability of materials or resources would require us to reduce production or incur additional costs, which would harm our business and results of operations. In addition, there remains inherent uncertainty in market demand and project timelines. If actual market conditions or project progress differ materially from our expectations or plans, we may need to adjust or cancel purchase orders or service arrangements with our suppliers. Any failure to implement effective procurement management measures, or any unfavorable enforcement of such refund or return arrangements, could result in excess inventory, losses of advance payments, increased costs, or disputes with suppliers.

Moreover, increased regulation or stakeholder expectations regarding responsible sourcing practices could cause our compliance costs to increase, or result in publicity that adversely affects our reputation. Moreover, given that we rely on several suppliers to provide certain materials and services, but do not directly control the procurement or employment practices of such suppliers, we could be subject to financial or reputational risks as a result of our suppliers' conduct. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, results of operations and financial condition would be adversely affected.

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

The semiconductor industry is highly cyclical and characterized by rapid technological advancements, evolving industry standards, short product life cycles, price erosion, and fluctuations in supply and demand. Periodic downturns in the industry have been marked by reduced product demand, production overcapacity, high inventory levels, and accelerated declines in average selling prices, all of which could adversely affect our business and operating results. Conversely, during periods of strong industry demand, competition for access to third-party foundry and assembly capacity may intensify. We rely on such capacity for the manufacturing and assembly of our products, and there is no assurance that our third-party foundry or assembly partners will be able to provide us with sufficient capacity at a reasonable cost in the future.

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

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

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

We have a limited operating history. Our operations to date have focused on establishing our intellectual property portfolio and conducting R&D activities and the commercialization of our products. As of the Latest Practicable Date, certain of our products are still at various development stages.

As a result of our limited operating history, and particularly in light of the rapidly evolving nature of the industry in which we operate, it may be difficult to evaluate our current business and reliably predict our future performance. Our historical results may not provide a meaningful basis for evaluating our business, results of operations, financial condition and prospects, and we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors, and may not be able to achieve promising results in future periods. If we cannot address these risks and overcome these difficulties successfully, our business and prospects will suffer.

As we continue to grow, we may not be able to effectively manage our growth and expand our operations, which could negatively impact our operation performance, financial condition and results of operations.

We have experienced significant growth in the past years. Our revenues increased significantly from RMB50.2 million in 2022 to RMB230.1 million in 2023, and further to RMB472.9 million in 2024. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. We plan to further grow our business by, among other things, investing in technology, securing additional mass production contracts with existing and new customers, strengthening our brand recognition, and expanding our products to enable global partners. Our future operating results will depend to a large extent on our ability to manage our expansion and growth successfully.

Risks that we face in undertaking this expansion include, among others:

- managing our supply chain to support fast business growth;
- controlling expenses and investments in anticipation of expanded operations;
- establishing or expanding R&D and sales networks;
- implementing and enhancing administrative structure systems and processes;
- executing our strategies and business initiatives successfully;
- improving our operational, financial and management controls, compliance programs and reporting systems;
- managing a larger organization with a greater number of employees in different divisions; and
- addressing new markets and potentially unforeseen challenges as they arise.

To effectively manage the expected growth of our operations, we will also be required to refine our operational, financial and management controls and reporting systems and procedures. Our current and planned staffing, systems, policies, procedures and controls may not be adequate to support our future operations. If we fail to efficiently manage the expansion of our business, our costs and expenses may increase faster than we planned and we may not respond timely to competitive challenges or otherwise successfully execute our business strategies. Our products mix may continue to change in the future, which may have an adverse impact on our profit margin.

Furthermore, our growth requires significant financial resources and will place significant demands on our management. In particular, we may fund some of our expansion plans through our internal financial resources, such as cash flows from operations, and may also seek external equity or debt financings to implement them. If we seek debt financings for such plans, we may incur interest costs, which may affect our profit. In addition, we may not be able to manage our current or future operations effectively and efficiently to compete successfully in our existing markets or the new markets that we enter. We may also need to adjust our business plans and growth strategies from time to time, which could involve uncertainties. If our business plans and growth strategies fail to perform as expected, our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to product liability claims if our products contain issues. We could incur significant expenses to remediate such issues, as a result, our reputation could be damaged and we could lose market shares, and our business, results of operations and financial condition may be adversely affected.

Products within the industry in which we operate may contain errors, reliability problems or other issues that are difficult to detect and correct, particularly when first introduced or when new versions or enhancements are released. Our products may contain errors, reliability problems or other issues which we are unable to successfully correct in a timely manner or at all. Some issues in our products may only be discovered after they have been tested, commercialized and deployed by our customers and end customers, and we may incur substantial additional development expenses and incur costs relating to product recall, repair or replacement. Furthermore, these issues could potentially lead to lawsuits filed against us by our customers or other parties, exposing us to potential liabilities and damages. We may also experience revenue loss, significant expenditures, a delay or loss in market acceptance and damage to our reputation and brand, any of which could adversely affect our reputation, business, results of operations, and financial condition.

Given that many of our customers use our products in processes that are critical to their businesses, any error, reliability problems or other issues in our products could result in losses to our customers. Our customers may seek significant compensation from us for any losses they suffer or cease conducting business with us altogether. A claim brought against us by any of our customers would likely be time-consuming, costly to defend and may materially and adversely affect our reputation and brand, making it harder for us to sell our products.

If we are unable to attract, retain and motivate key individuals, our business, results of operations and financial condition would be materially and adversely affected.

Hiring and retaining key individuals, such as key management, technical staff, qualified executives, and sales representatives are critical to our business, in particular, to the R&D and commercialization of our products. The competition for highly skilled employees in our industry is increasingly intense. Significant changes in our management team may disrupt our business as their knowledge and relationships would be difficult to replace. For details, see "Directors, Supervisors and Senior Management." In addition, changes in the interpretation and application of employment-related laws to our workforce practices may result in increased operating costs and less flexibility in how we meet our changing workforce needs. To help attract, retain and motivate key individuals, employee incentives such as share incentive schemes have been, and will continue to be, an important part of our compensation. Our employee hiring and retention also depend on our ability to build and maintain a diverse and inclusive culture and be viewed as an employer of choice. If our share-based or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate key individuals would be weakened, which would in turn materially and adversely affect our business, results of operations and financial condition.

If we do not maintain sufficient inventory or if we do not adequately manage our inventory, we could lose sales or experience excess inventory levels, which could negatively affect our financial condition and results of operations.

Changing consumer demands, uncertainty surrounding the adoption cycles of new technologies and products and unexpected regulatory change could expose us to inventory risk. Demand in the AI inference chip markets, particularly for applications integrating our products across diverse industries and scenarios, may fluctuate due to factors beyond our control. As a result, we may not always be able to align our inventory purchases with customer requirements in a timely manner. We cannot assure you that we will accurately predict customers' demand to prevent under-stocking or over-stocking of our products, which could lead to lost sales opportunities, increased inventory costs, or supply shortages, adversely affecting our business operations, financial performance, and overall market position.

To ensure adequate inventory supply, we must forecast inventory needs, place orders sufficiently in advance with our suppliers and stock inventory based on our estimates of future demand for particular products. Fluctuations in the adoption of our products may affect our ability to forecast our future results of operations. Our ability to accurately forecast demand for our products could be affected by many factors, including the rapidly changing nature of the market in which we operate, the uncertainty surrounding the market acceptance and commercialization of our products, the emergence of new markets, the change in customer demand for our products or for products of our competitors, epidemics, regulatory changes and any associated work stoppages or interruptions, unanticipated changes in general market conditions and the weakening of economic conditions or consumer confidence in future economic conditions. As our products become or continue to be commercialized, we may face challenges in meeting the demands of our customers and end customers at a satisfactory rate, which would negatively affect our revenue. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our inventories amounted to RMB79.9 million, RMB135.3 million, RMB211.9 million and RMB362.4 million, respectively. Our inventory turnover days were 539 days, 230 days, 170 days and 369 days for the years ended December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively.

Inventory levels in excess of customer demand may result in inventory write-downs or write-offs and the sale of excess inventory at discounted prices, which would adversely affect our business operations and financial conditions. Conversely, if we underestimate customer demand for our products, we may not be able to deliver products to meet our customers' requirements, and this could result in damage to our brand and customer relationships and adversely affect our revenue and results of operations.

We rely on our distributors to place our products into the market, and our distributor management may not be as effective as we anticipate.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, there were two, 14, 22 and 14 distributors in our distribution network, respectively. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the revenue generated from sales to distributors for each period amounted to RMB2.4 million, RMB67.2 million, RMB199.6 million and RMB162.2 million, respectively, accounting for 4.8%, 29.2%, 42.2% and 60.3% of our total revenue for the corresponding period, respectively. Distributorship is an important component of our sales network, any of the following events could cause fluctuations or declines in our revenue and could have an adverse effect on our business, results of operations and financial condition:

- reduction, delay or cancelation of orders from our distributors;
- failure to renew distribution agreements and maintain relationships with our existing distributors;
- failure to establish relationships with new distributors on favorable terms or at all; and
- inability to timely identify and appoint additional or replacement distributors upon the loss of one or more of our distributors.

We may not be able to successfully manage our distributors, and the cost of any consolidation or further expansion of our distribution network may exceed the revenue generated from these efforts. Furthermore, if the sales volumes of our products to distributors are not maintained at a satisfactory level, or if distribution orders fail to track end customers' demand, our distributors may not place new orders for products from us or they may reduce the quantity of their usual orders. If any of our distributors fail to distribute our products to their customers in a timely manner, it may result in overstock by our distributors and affect our future sales. The occurrence of any of these factors could result in a significant decrease in the sales volume of our products, and in turn, materially and adversely affect our business, results of operations and financial condition.

We have limited control over our distributors. Our distributors generally do not need our specific authorization to engage sub-distributors. We cannot assure you that our distributors or sub-distributors will at all times comply with our overall sales and distribution policies or that they will not compete with each other for market share in respect of our products. Furthermore, we may not be able to track the sales and inventory level of our distributors and sub-distributors. This could in turn lead to our inability to accurately predict sales trends and forecast customer demand, which could result in excess inventory levels or a shortage of products. If any distributor or sub-distributor fails to distribute our products to its customers in a timely manner, overstocks or carries out actions inconsistent with our business strategies, it may affect our future sales, which may in turn materially and adversely affect our business, results of operations and financial condition.

Increases in costs of supplies for the production of our products, the materials and other components that we use in our products would adversely affect our business, results of operations and financial condition.

Significant changes in the markets in which we procure supplies for the production of our products, purchase materials and components for our products may adversely affect our profitability. As a result of the global semiconductor shortage and inflationary pressures, we may experience increases in the cost of our products, and, therefore, our gross margin may decrease, at least in the short term, as a result of these cost increases. For example, during the period of the global semiconductor shortage in 2022 and 2023, the procurement price of certain key components (such as wafers and packaging services) from major suppliers increased by approximately 20% to 30% compared to pre-shortage levels. During the Track Record Period, we did not experience material difficulties in procuring wafers and packaging services. Competitive and market pressures limit our ability to recover increases in costs through increases in prices we charge to our customers. The inability to pass on cost increases to our customers when service or material prices increase rapidly or are significantly higher than historic levels would adversely affect our business, results of operations and financial condition.

In addition, our product pricing and margin profiles vary across different product offerings, depending on factors such as the quantity, composition, and specifications of the components delivered. If we fail to maintain our products mix or maintain our gross margin, our business, results of operations and financial condition would be adversely affected.

We face risks associated with business acquisitions and investments, and if we fail to successfully integrate our acquired business or any future targets into our own operations, our post-acquisition performance and business prospects may be adversely affected.

We acquired Huatu in October 2023, which had a significant impact on our financial performance during the Track Record Period as Huatu contributed a substantial portion of our revenue and gross profit following the acquisition. Accordingly, our overall financial performance during the Track Record Period was to a large extent affected by the consolidation of Huatu's business results. We may acquire other businesses in the future. There can be no assurance that Huatu or future targets will bring benefits to us to the extent anticipated. Integration of Huatu or future targets into our existing business may not achieve the expected synergies with our existing operations and fulfill the contemplated purposes of the acquisitions. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Our failure to meet the challenges involved in realizing the anticipated benefits of the acquisitions could cause an interruption of, or a loss of momentum in, our activities and could adversely affect our results of operations.

Even if we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our acquisition of Huatu or future targets may be offset by costs incurred in the acquisition, losses of or disputes with key customers, suppliers, shareholders and employees of Huatu, increases in other expenses, operating losses, liabilities or problems in the business unrelated to our collaboration. Additionally, the acquisitions may not provide us with the intellectual property rights, technology, R&D capability, or sales and marketing infrastructure we had anticipated, or they may be subject to unforeseen liabilities. Hence, there can be no guarantee that we will be able to enhance our post-acquisition performance or grow our business through our recent or future acquisitions.

Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and expenses and harm our business generally. If we use our equity securities to pay for acquisitions or investments, we may dilute the value of our Shares. If we borrow funds to finance acquisitions or investments, such debt instruments may contain restrictive covenants that could, among other things, restrict us from distributing dividends. Such acquisitions and investments may also lead to significant amortization expenses related to intangible assets, impairment charges or write-offs. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholders' approval, we may also have to obtain approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations, which could result in increased costs and delays.

Strategic alliances may fail and materially and adversely affect our reputation, business and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including 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 their actions and to the extent strategic third parties suffer negative publicity or harm to their reputation 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.

Our potential future global expansion may expose us to additional regulatory, economic and political risks, and any failure to effectively manage such risks could adversely affect our business, results of operations and financial condition.

We may pursue potential future global expansion with our customers. However, we may not succeed in this endeavor and our success will depend on our ability to expand our sales capabilities and business relationships with our customers. For example, given the high regulatory and market access challenges in specific markets, such as the United States, we may not actively explore these markets in the short term, which could limit our ability to successfully achieve this objective. In addition, we face a high level of competition in our industry and we cannot be certain that the pace of growth will meet expectations. Our expansion strategy also requires significant cash investments and management resources and there is no guarantee that our business can generate additional sales of our products to support our expansion. As we expand, we will face risks in doing business internationally that could adversely affect our business, including:

- difficulties and costs in understanding and complying with local laws, regulations and customs in foreign jurisdictions, including laws and regulations related to the automotive industry and data security, and laws related to labor and labor unions;

- the difficulty of managing and staffing international operations and the increased operations, travel, and network costs associated with numerous international locations;

- challenges of gaining acceptance for our products by customers in different markets;

- difficulties in effectively pricing our products in competitive international markets;

- global or regional health crises;

- tariffs and other non-tariff trade barriers, such as quotas and local content rules;
- the complexities of complying with current and future export controls and economic sanctions administered by the U.S. Department of Commerce's Bureau of Industry and Security and the U.S. Department of the Treasury's Office of Foreign Assets Control and other relevant sanctions authorities;
- protectionist or national security policies that restrict our ability to develop, import or export certain technologies; and
- more limited protection for intellectual property rights in some countries.

Our failure to manage any of these risks successfully could harm our potential international operations, and adversely affect our business, operating results and financial condition.

We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies, and our business, financial condition and results of operations could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in various countries, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. Such laws and regulations are likely subject to frequent changes, and their interpretation and enforcement involves substantial uncertainties, which may be heightened by national security concerns or driven by political and/or other factors that are beyond our control. Therefore, such restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, may be difficult or costly to comply with and may materially and adversely affect our and our technology partners' abilities to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, and business operations. If any of us, or our Shareholders, Directors, management personnel, employees and business partners, violate such laws, we could become subject to sanctions or other penalties, which could adversely affect our reputation, business, results of operations and financial condition.

Starting in February 2025, the U.S. imposed significant tariffs on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act. These measures prompted reciprocal tariffs from China and other countermeasures, including various controls on exports of rare earth elements and critical minerals to the United States. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. For details regarding the impact of the enhanced U.S. tariffs on us, see "Business—Risk Management and Internal Control—Impact of International Trade Policies." There is significant uncertainty on how this matter will evolve, and any rising political tensions, as well as increase in tariffs or changes to trade policies between the U.S. and China, may have a material impact on our business. Thus, it is uncertain whether any further tariff measures will be implemented. However, the uncertainty surrounding potential changes in U.S. trade policies towards China, particularly relating to tariffs on Chinese imports, could adversely affect our business operations and financial performance.

Meanwhile, 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 anticorruption laws in any jurisdiction in which we conduct business, including the U.S. Foreign Corrupt Practices Act ("**FCPA**"). 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 reputation, business, results of operations and financial condition.

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 (the "**BIS**") of the U.S. Department of Commerce. These restrictions include a series of restrictive measures targeting China's semiconductor and AI sectors since October 2022. BIS also maintains a list of foreign persons (including businesses, research institutions, government and private organizations, individuals and other types of legal persons) that are subject to specific license requirements for the export, reexport, and/or transfer (in-country) of items (commodities, software, and technology) subject to the EAR (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or products from/to us, there is no guarantee that we will be able to obtain as well as extend and maintain the requisite regulatory licenses in relation to our transactions with these customers and suppliers, or that such licenses will cover all our existing and potential transactions with such customers and suppliers. We cannot be certain what additional export control actions the U.S. government may take that could impact our products, suppliers or customers. The U.S. government could further expand the scope of items subject to the EAR in a manner that captures our products. Additional actions could also take the form of additional designations (such as a special footnote designation) of certain parties on the Entity List, which could make our products subject to the EAR for certain transactions if involving those parties. Furthermore, other countries may continue to adopt semiconductor-focused export controls that could impact our products and operations. The aforementioned restrictions, and similar or more expansive restrictions or sanctions, including sanctions currently imposed or may be imposed in the future by the Office of Foreign Assets Control of the United States or other relevant authorities in other jurisdictions, may materially and adversely affect our customers' and suppliers' ability to acquire or use technologies, systems, software, devices or components that may be critical to their products, service offerings and business operations, which in turn may adversely affect our business, results of operations and financial condition.

On October 28, 2024, the U.S. Department of the Treasury (the "**Treasury**") issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Outbound Investment Rule**"). The Outbound Investment Rule, effective on January 2, 2025, is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China and introduces new hurdles and uncertainties for cross-border collaborations, investments and funding opportunities of entities with ties to China. It targets investments involving entities associated with "countries of concern," currently defined as only China (including Hong Kong and Macau), and imposes investment prohibition or notification requirements on a wide range of U.S. person investment transactions in entities in countries of concern engaged in "covered activities" relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) certain artificial intelligence systems (together, the "relevant sectors"). Under the Outbound Investment Rule, entities with meaningful ties to China and engaged in covered activities are defined as "covered foreign persons." Subject to certain exceptions, equity investments (a "covered transaction") by a U.S. person in a covered foreign person are subject to prohibition or notification requirements. As advised by our legal adviser in connection with the foregoing matters, we may be deemed a "covered foreign person" defined under the Outbound Investment Rule due to our business activities. As a "covered foreign person," and if U.S. persons engaged in a "covered transaction," including a transaction that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Outbound Investment Rule. On December 23, 2025, the Treasury published additional frequently asked questions ("FAQs") on the Outbound Investment Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person", and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into. In light of the FAQs' guidance, we are of the view, as advised by our legal advisor and taking into account its view, at the time U.S. persons acquire our H shares (which may be interpreted as the date of acquisition, i.e., the date of Listing) in this Global Offering, such shares would be publicly listed and tradable and a

U.S. person's acquisition of our H shares in this Global Offering may constitute an "excepted transaction" assuming the U.S. person would not also be afforded rights beyond "standard minority shareholder protections." Although U.S. persons' passive investments in publicly traded securities may qualify as "excepted transactions" under the Outbound Investment Rule, there remains ambiguity regarding the scope and conditions of this exception. There is no assurance that the Treasury will take the same view as ours. To the extent that this exception is not available, U.S persons that purchase our H Shares in this Global Offering may be required to file notifications with the Treasury. Investors that are U.S. persons should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Outbound Investment Rule in connection with this Global Offering; and there is no reporting obligation imposed on us under the Outbound Investment Rule in connection with this Global Offering. In addition, even though U.S. persons' acquisitions of certain offer securities (such as our publicly traded H shares) will be exempted from the scope of covered transactions, the Outbound Investment Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors prior to and after this Global Offering given that relevant laws, regulations, and policies continue to evolve. On December 18, 2025, the President of the United States signed into law the Fiscal Year 2026 National Defense Authorization Act, which includes the Comprehensive Outbound Investment National Security Act of 2025 ("COINS Act"). The COINS Act largely codifies the core of the current Outbound Investment Rule while making certain modifications. While the COINS Act was legally enacted and effective on December 18, 2025, it is not self-executing and it does not replace or amend the Outbound Investment Rule immediately. The COINS Act is a U.S. federal statute that provides the statutory basis of the Outbound Investment Rule. The COINS Act requires the Treasury to, within 450 days from passage, promulgate new or amended regulations (which may then amend or replace the Outbound Investment Rule) to implement the law. In addition, we cannot predict how the Outbound Investment Rule will be enforced, and neither can we guarantee that there will not be an expansion to the scope of the Outbound Investment Rule, a change in interpretation to broaden its application, or an enactment of similar laws or regulations that impinge upon our business activities in the future. The uncertainty in the interpretation and enforcement of the Outbound Investment Rule may reduce U.S. investors' interest in our equity securities. In such a case, the trading price and liquidity of our H Shares may be adversely affected. If our ability to raise such capital is significantly and negatively affected, it could also be detrimental to our business, financial condition and prospects.

We face risks related to changes in global and regional macroeconomic conditions, natural disasters, geographical tensions, regional conflicts, health epidemics and other outbreaks of contagious diseases.

Uncertainties about global economic conditions, regulatory changes, geographic tensions and other factors, including fluctuation of interest rates, inflation level, unemployment, labor and healthcare costs, access to credit, consumer confidence and other macroeconomic factors may pose risks and materially and adversely affect demand for our products. The escalated Iran-Israeli conflict, Palestinian-Israeli conflict, India-Pakistan conflict, the conflict in Ukraine and the imposition of broad economic sanctions on Russia could raise energy prices and disrupt global markets. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may increase market volatility across the globe. The relationship between China and other countries with respect to trade policies, treaties, government regulations and tariffs, among other matters, may affect the macroeconomic environment, both domestically and internationally, and potentially leave an impact on the market we operate in.

In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic or any severe epidemic disease such as SARS, Ebola, Zika or the COVID-19, acts of war, terrorism or other force majeure events beyond our control may disrupt our research and development, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, results of operations, financial condition and prospects.

Our business and prospects depend on our ability to build our brands and reputation, which could be harmed by negative publicity regarding our Company, Directors, employees, branding or products, whether warranted or not.

We believe that maintaining and enhancing our brands is of significant importance to the success of our business. Well-recognized brands are important to enhancing our attractiveness to our customers. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and amount of word-of-mouth referrals we received from satisfied customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities are and will be successful or that we can achieve the brand promotion effect we expect. In addition, negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our brand, reputation and business. Certain of such negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control.

Failure to detect or prevent fraudulent, illegal, or other misconduct by our Directors, management, employees, customers, suppliers, or other third parties, or non-compliance with regulatory standards and requirements of any third parties with which we conduct business, could disrupt our business, harm our reputation, and adversely affect our financial condition and results of operations.

We are exposed to fraudulent or illegal activities or other misconduct by our Directors, management, employees, customers, suppliers, or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities and negative publicity. There can be no assurance that our controls and policies will prevent fraud or illegal activity by such persons or that similar incidents will not occur in the future. Any illegal, fraudulent, corrupt or collusive activity, including, but not limited to, those in violation of anti-corruption or anti-bribery laws, could subject us to negative publicity that could severely damage our brand and reputation and, if conducted by our employees, could further subject us to significant financial and other liabilities to third parties and fines and other penalties imposed by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our directors, management, employees, customers, suppliers, or other third parties could materially and adversely affect our business, results of operations, financial condition and prospects.

Our results of operations may be affected from period to period due to the fluctuations of our business and operating costs.

Our results of operations may be affected from period to period due to many factors, including demand patterns, industry supply chain dynamics, and customer production cycles. In particular, our customers typically experience lower production and sales activity during and following the Chinese New Year holidays in the first quarter, which may in turn affect our revenue recognition in this period. In contrast, our customers typically experience higher sales activity in the last quarter as they are stocking up before year end. Our results of operations could also suffer if we do not achieve revenue consistent with our expectations for this trend of demand because many of our expenses are based on anticipated levels of annual revenue. Due to the foregoing factors, our financial condition and results of operations for future periods may continue to fluctuate and our historical periodical results may not be comparable to future periods. Moreover, due to our relatively limited operating history, the trends that we have experienced in the past may not apply to, or be indicative of, our future operating results.

Any failure by us or our business partners to comply with applicable anti-money laundering, anti-terrorism, anti-bribery, export controls, economic and trade sanctions and similar laws could lead to significant penalties and damages to our reputations, adversely affecting our operating performance, financial condition and results of operations.

Any failure by us or our business partners who work with us to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery, export controls, or economic and trade sanctions laws and regulations could lead to significant penalties and damage to our reputation. We and our business partners who work with us are often required to comply with certain AML requirements set out by regulators in the jurisdictions where we and our business partners operate. We are also subject to various AML, anti-terrorism, anti-bribery, export controls and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities and the import and export of controlled products and technologies. To comply effectively with such laws and regulations, we and our business partners must establish sound internal control policies and procedures with respect to AML, anti-terrorism, anti-bribery, export controls, economic and trade sanctions, which can require significant resources and expenditures.

The policies and procedures we and our business partners have adopted may not be effectively implemented in protecting our products from being exploited for money laundering, bribery and corruption, terrorism, economic and trade sanctions and other illegal purposes. If we fail to comply with AML, anti-terrorism, anti-bribery, export controls and economic and trade sanction laws and regulations, we could be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by government authorities, and damages to our reputation, all of which may adversely affect our business, results of operations and financial condition. Similarly, if any of our subsidiaries, employees, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal control policies, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines or sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

Disruptions and unauthorized access, such as cyberattacks, on our IT systems or those of third-party service providers, could have a material adverse effect on our business operations, results of operations, reputation and financial condition.

We increasingly rely on information technology ("**IT**") systems to process, transmit and store information in relation to our operations. A significant portion of the communications between our employees and our business partners, suppliers and customers depends on IT. Our IT systems are subject to various risks beyond our control, including natural disasters, telecommunications failures, power outages, computer viruses, hackers and other security issues. Any such interruption to our IT systems could disrupt our operations and negatively impact our production and ability to fulfill sales orders, which may adversely affect our business and results of operations.

Actual or perceived breaches of our or our service providers' security measures or any failure to maintain reliability, security and integrity of our products and technical platform, including third-party cloud platform and IT services upon which we rely, may expose us to significant consequences. We can provide no assurance that our IT systems or those of third-party service providers are fully protected against third-party intrusions, viruses, hacker attacks, ransomware attacks and other cyberattacks, information or data theft or other similar threats. Additionally, software authorized or licensed by third parties which is incorporated into our technologies may present certain risks related to cybersecurity, such as the general lack of support for such software which could result in vulnerabilities that could compromise the security of our systems. See "— Risks Related to Our Intellectual Property — We utilize open-source software, which may pose particular risks to our business" for further details describing the risks associated with our use of open-source software.

Higher labor costs and inflation may adversely affect our business, results of operations, financial condition and prospects.

While inflationary pressures have varied across different regions, rising costs of raw materials and labor remain key concerns. Additionally, factors such as changes in minimum wage laws, labor market dynamics, and intensified competition for skilled talent in the industry may lead to higher labor expenses, which could put upward pressure on wages and fees paid to employees and third-party service providers. During the Track Record Period, our staff costs amounted to RMB370.1 million, RMB490.5 million, RMB565.0 million, RMB392.4 million and RMB431.2 million, respectively, in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025. Our ability to manage and mitigate the impact of rising labor costs through operational efficiencies, process improvements, or technological innovations will also significantly influence our competitiveness and financial performance. However, there is no guarantee that we will succeed in effectively managing the impact of rising labor costs. Moreover, higher cost for labor and raw materials might necessitate adjustments in service pricing, potentially making our products less competitive in the market. Attempts to pass on increased labor costs to customers through higher service fees could result in reduced demand or market share loss.

We may incur additional costs to address any ESG risks, which may adversely affect our financial performance.

To identify, manage, and mitigate ESG risks, we may incur additional costs and expenses which could impact our financial performance. We monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons. We monitor a wide range of indicators such as power consumption, emission of greenhouse gas, water consumption and waste generation to manage our environmental and climate-related risks arising from our operations and are committed to providing adequate support to our employees to nurture a friendly and inspirational corporate culture. This commitment may entail incurring substantial additional costs and would potentially impact our profitability. See “Business — Environmental, Social and Governance.”

In addition, the increasing ESG-related regulatory requirements, including various ESG disclosure mandates in the jurisdictions where we operate, may lead to rising compliance costs and cost of sales may rise. Failure to adapt to new regulations or meet evolving industry expectations and standards could result in consumers choosing products from other companies, which may materially and adversely affect our results of operations and financial conditions.

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

We generally do not accept product returns or exchanges unless the product quality issue is attributable to us. As we continue to grow our operations and support our customer base, we need to be able to continue to provide efficient customer support that meets our customers’ needs at scale. We may not be able to recruit or retain sufficient qualified support personnel with experiences in supporting customers of our products. As a result, we may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support or maintenance assistance. We also may be unable to modify the future scope and delivery of our maintenance services and technical support to compete with changes in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, we may face increased costs that may harm our results of operations. If we are unable to provide efficient customer maintenance and support, our business may be harmed. Our ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality maintenance and support services or a market perception that we do not maintain high-quality maintenance and support services for our customers, would harm our business.

If we experience any deterioration in the quality of our products, we will incur higher costs associated with returns, exchanges and warranties. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time. While these policies improve customer experience and promote customer loyalty, which may in turn help us acquire and retain customer, they also subject us to additional costs and expenses which we may not recoup through increased revenue. We cannot assure you that our return, exchange and warranty policy will not be misused by our customers, which may significantly increase our costs and may materially and adversely affect our business and results of operations. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, which may result in loss of existing customers or failure to acquire new customers at a desirable pace, which may materially and adversely affect our results of operations.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

We may become involved in lawsuits regarding intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products could be found invalid or unenforceable if being challenged in court or before the CNIPA or related intellectual property agencies in other jurisdictions.

The industry in which we operate is characterized by a large number of patents, some of which may be of uncertain scope, validity, or enforceability. As a result, there is significant uncertainty regarding patent protection and potential infringement risks. In recent years, intellectual property litigation, including patent disputes, has been prevalent globally, and we may become involved in claims or lawsuits alleging infringement of patents, copyrights, or trade secrets.

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

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

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

Additionally, as patent applications often take years to be granted, there may be pending applications of which we are unaware that could later result in issued patents covering aspects of our products. If any of our products is found to infringe a valid and enforceable patent, or if we seek to avoid potential intellectual property disputes, we may be required to obtain licenses, which may not be available on commercially reasonable terms or at all. Alternatively, we could be required to pay substantial royalties or redesign our products to mitigate infringement risks, which may be costly and time-consuming. Furthermore, we may be subject to indemnification claims or other legal remedies from our customers, business partners, or third parties if they face infringement allegations related to their use of our products.

Further, third parties, including non-practicing entities that focus on patent monetization, may assert intellectual property infringement claims against us. Any such claims, regardless of merit, could be costly and time-consuming to resolve, potentially resulting in litigation or requiring us to obtain third-party licenses, which may not be available on commercially reasonable terms or at all. As we continue to expand our products and integrate new technologies into our portfolio, our exposure to potential intellectual property risks may increase. Additionally, intellectual property disputes, even if ultimately unsuccessful, could divert management's attention, consume significant financial resources, and adversely affect our business relationships, reputation, and overall operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by governmental patent agencies, and we could be unsuccessful in obtaining or maintaining adequate patent protection for one or more of our patent through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits or pay maintenance fees, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation 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. Even if patent applications 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.

We may be unable to protect the confidentiality of our trade secrets or other proprietary information, and we may be subject to claims that our employees or third parties have wrongfully used or disclosed alleged trade secrets or other proprietary information owned by others.

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. We protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements, non-compete covenants or include such undertakings in the agreements with parties that have access to them. We also enter into employment agreements with our employees that include undertakings regarding assignment of inventions and discoveries. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. This might happen intentionally or inadvertently. It is possible that a competitor will gain access to such information and make use of such information, and that our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners might intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable.

We also require all of our employees to enter into agreements confirming that all intellectual property rights in work-related inventions shall belong to us. However, if the employees who are parties to these agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets and inventions through such breaches or violations. We may be involved in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Moreover, we face a potential risk of litigation from claims by our employees seeking remuneration or royalties for their service inventions that have been assigned to the Company. Such claims, if they arise, could lead to costly and time-consuming legal disputes, diverting management attention and resources from our core operations. Even if we are successful in prosecuting or defending against all such claims, litigation could result in substantial costs and be a distraction to our management and R&D personnel.

We utilize open-source software, which may pose particular risks to our business.

We currently employ open-source software in our operations and intend to continue utilizing such software in the foreseeable future. Some open-source software licenses require those who distribute open-source software as part of, combined with or linked to their own proprietary software, or those who distribute proprietary software derived from open-source software, to publicly disclose all or part of the source code to such proprietary software, to permit modifications of such proprietary software or to make available any modifications or derivative works of the open-source code on unfavorable terms or at no cost. This could result in our proprietary software being made available in the source code form and/or licensed to others under open-source licenses, which could allow our competitors or other third parties to use and modify our proprietary software freely without spending the development effort. This could lead to a loss of the competitive advantage of our proprietary technologies and, as a result, sales of our products. There is a risk that open-source software licenses may be construed in a manner that imposes unanticipated conditions on our ability to provide products or retain ownership of our proprietary intellectual property, particularly given that the terms of many open-source licenses to which we are subject have not been interpreted by courts of law. Additionally, we could face claims from third parties claiming ownership of, or demanding release of, the derivative works that we developed using such open-source software, which could include our proprietary source code, or otherwise seeking to enforce the terms of, or alleging breach of, the applicable open-source license. These claims could result in costly litigation and could require us to make our proprietary software source code freely available, purchase a costly license, or cease offering the implicated products unless and until we can re-engineer them to avoid using or being based on any open-source software or otherwise avoid breach of the applicable open-source software licenses or potential infringement. This re-engineering process could require us to expend significant additional research and development resources, and we cannot guarantee that we will be successful.

Additionally, the use of certain open-source software can lead to greater security and operational risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open-source software, and we cannot ensure that the authors of such open-source software will implement or push updates to address security risks or will not abandon further development and maintenance. To the extent that our products depend upon the successful operation of the open-source software they use, any undetected errors or defects in this open-source software could prevent the deployment or impair the functionality of our products, delay the introduction of new products, result in a failure of our products, and harm our reputation. Moreover, undetected errors or defects in open-source software could render it vulnerable to data breaches or cyberattacks and make our systems more vulnerable to such attacks and breaches. We cannot be sure that all open-source software is identified or submitted for approval prior to use in connection with our products. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could adversely affect our ownership of proprietary technology, the security of our systems, or our business, results of operations, and financial condition.

RISKS RELATED TO OUR FINANCIAL PROSPECTS

We incurred significant loss for the year/period during the Track Record Period, and we may not be able to achieve or subsequently maintain profitability in the future.

In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we had loss for the year/period of approximately RMB611.6 million, RMB743.1 million, RMB904.2 million, RMB691.0 million and RMB855.7 million, respectively. We may continue to incur net losses in the future, as we are in the stage of expanding our business and operations in the rapidly growing market, and are continuously investing in research and development. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully and develop new products and solutions. Accordingly, you should not rely on the revenues of any prior period as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operations, and invest in research and development. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

We recorded net liabilities and net current liabilities during the Track Record Period.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had net liabilities of RMB1,079.7 million, RMB1,531.1 million, RMB2,375.9 million and RMB4,517.6 million, respectively. As of the same dates, we also recorded net current liabilities of RMB1,275.4 million, RMB3,065.4 million, RMB3,805.3 million and RMB5,796.1 million, respectively. Our net liabilities and net current liabilities as of December 31, 2022, 2023 and 2024 and September 30, 2025, was primarily in relation to the financial instruments issued to investors of RMB1,981.1 million, RMB2,852.4 million, RMB4,444.7 million and RMB6,525.9 million as of the same dates, respectively. Although the financial instruments issued to investors will automatically convert into ordinary shares upon Listing, and no further loss or gain on fair value change of financial instruments issued to investors is expected to be recognized afterwards, we cannot assure you that we will not record net liabilities or net current liabilities in the future. If we are unable to maintain adequate working capital or obtain sufficient financings, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position may be adversely affected.

In addition, net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. If we do not have sufficient working capital to meet future financial needs, we may need to resort to external funding. Our inability to obtain additional external borrowings on a timely basis and on acceptable terms, or at all, may force us to abandon our development and expansion plans, and our businesses, financial positions and results of operations may be materially and adversely affected.

We may incur impairment losses on our intangible assets and goodwill.

Our intangible assets primarily consisted of IP license, patent, software, technology and trademark, that were primarily acquired through the acquisition of Zhejiang Huatu on October 31, 2023. They are recognized at fair value at acquisition date and are subsequently amortized on a straight-line method. We recorded intangible assets of RMB99.6 million, RMB566.7 million, RMB471.8 million and RMB605.8 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. Goodwill arising from acquisitions represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our previously held equity interest in the acquiree, over the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had goodwill of nil, RMB908.2 million, RMB908.2 million and RMB908.2 million, respectively. Intangible assets and goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. No impairment was recognized in respect of the intangible assets and goodwill as of December 31, 2022, 2023 and 2024 and September 30, 2025. The assessment of impairment losses involves a significant degree of management judgments as well as estimates in determining the key assumptions, and unpredictable adverse changes in the future may also result in decreases in the value of our intangible assets and goodwill. Therefore, we cannot assure you that future outcomes will not result in a material adjustment to the carrying amounts of these intangible assets and goodwill in the future, which may in turn result in impairment losses. Significant impairment losses on intangible assets and goodwill may have a material adverse effect on our financial condition and results of operations, and may in turn limit our ability to obtain financing in the future.

We had net cash outflows from operating activities during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

In 2022, 2023, 2024 and the nine months ended September 30, 2025, we had net cash used in operating activities of RMB447.4 million, RMB460.2 million, RMB597.5 million and RMB548.9 million, respectively. We may continue to experience net cash outflows from our operating activities from time to time. See "Financial Information — Liquidity and Capital Resources" for details. Our forecast of the period through which our capital resources will support our operations is forward-looking and involves risks and uncertainties. We have based this estimate on assumptions that may prove to be wrong, and we could exhaust our available capital resources sooner than we currently expect.

If we are unable to maintain adequate working capital or obtain sufficient financings to meet our capital needs, we may be unable to continue our operations according to our plan, default on our payment obligations and fail to meet our capital expenditure requirements, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

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

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

- technological advancements;
- market acceptance of our products and the overall level of sales of our products;
- research and development expenses;
- our relationships with our customers and suppliers;
- our ability to control costs;
- sales and marketing expenses;
- enhancements or any capital improvements to our infrastructure and systems;
- potential acquisitions of businesses; and
- general economic conditions, inflation, rising interest rates, and international conflicts and their impact on the semiconductor industry in particular.

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

Share-based payments may have a material and adverse effect on our financial performance and cause shareholding dilution to our Shareholders.

The share incentive plan was established for the benefit of our directors, senior management and core employees as remuneration for their services provided to us and to incentivize and reward the eligible persons who have contributed to the success of our Company. For the principal terms of the employee incentive scheme, see "Appendix IV — Statutory and General Information — D. Restricted Share Incentive Scheme." In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded RMB36.1 million, RMB42.9 million, RMB51.5 million, RMB37.5 million and RMB77.3 million in equity settled share-based payment, respectively.

To further incentivize our employees, we may incur additional share-based payment expenses in the future. We believe such share-based awards are important to our ability to attract, retain and motivate our key individuals, and we may continue to grant share-based awards in the future. Expenses incurred with respect to such share-based payments will increase our operating expenses and therefore have a negative effect on our financial performance. Issuance of additional Shares with respect to such share-based payments may dilute the shareholding of our Shareholders and could result in a decline in the value of our Shares.

Failure to fulfill our obligations in respect of contract liabilities could adversely affect our liquidity and financial condition.

Our contract liabilities mainly represent cash collections in advance of fulfilling performance obligations. Our contract liabilities amounted to RMB0.2 million, RMB8.9 million, RMB2.4 million and RMB3.6 million as of December 31, 2022, 2023 and 2024 and September 30, 2025. There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue, and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

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

We are exposed to credit risk related to delay in payment and defaults of our various customers or related parties. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade receivables amounted to RMB26.4 million, RMB179.3 million, RMB222.0 million and RMB59.5 million, respectively, and our prepayments and other receivables amounted to RMB73.1 million, RMB222.1 million, RMB272.1 million and RMB296.6 million, respectively. Our trade receivables turnover days were 95 days, 163 days, 155 days and 141 days for the years ended December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively. We may not be able to collect all such trade receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle of certain of our customers, adverse operating condition or financial condition of customers, and customers' inability to pay caused by their end users' delay in payment. If our customers delay or default in their payments to us, we may have to make impairment provisions and write-off the relevant receivables and hence our liquidity, financial performance and financial condition would be adversely affected.

Results of operations of our business are subject to seasonal fluctuations.

The results of operations of our business may fluctuate depending on a number of factors, many of which are out of our control. As advised by CIC, the sales patterns in the industries in which we operate exhibit strong seasonality, primarily driven by the procurement patterns of our downstream customers. For instance, the automotive industry, a key end-market for our smart vehicle products, demonstrates notable seasonality where the year-end period typically represents the peak sales season. As a result, a significant portion of our product deliveries to OEMs is often concentrated towards the end of the year. In addition, downstream customers for our on-device and edge AI inference products usually formulate their project planning and budgets for the following year during the second half of the current year. Consequently, their procurement from us for such projects is concentrated in the second half of the year, and often in the fourth quarter. Therefore, comparing our results of operations for different periods may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual revenues and costs and expenses as a percentage of our revenues in a given period may be significantly different from our historical or projected rates, and our results of operations in future quarters may fall below expectations.

We are exposed to changes in the fair value of our financial assets measured at fair value. Fluctuations in their values would affect our results of operations and financial condition.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we recorded financial assets measured at fair value through profit or loss ("**FVTPL**") of RMB631.9 million, RMB100.1 million, nil and RMB376.7 million, respectively. As of the same date, we recorded financial assets measured at fair value through other comprehensive income ("**FVTOCI**") of RMB9.9 million, RMB14.9 million, RMB14.9 million and RMB14.9 million, respectively. In 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025, we recorded net realized and unrealized gains on financial assets measured at FVTPL under other net gains or losses of RMB23.6 million, RMB7.3 million, RMB0.4 million, RMB0.4 million and RMB2.1 million, respectively, and changes in fair value of financial assets measured at FVTOCI, net of income tax, of nil, RMB0.9 million, nil, nil and nil, respectively.

Fair values of financial assets at FVTPL and financial assets at FVTOCI are determined based on quoted prices in active markets, other market-observable inputs, or unobservable inputs using valuation techniques. For details, see note 17 and note 18 to the Accountants' Report as set out in Appendix I to this prospectus.

For financial assets measured at FVTPL and FVTOCI, factors beyond our control can significantly influence and cause adverse changes to the market-observable inputs that we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic condition, changes in market interest rates, stability of the capital markets, shifts in our creditworthiness and other market-driven variables. Any of factors could cause the fair values to fluctuate or our estimates to vary from actual results, which could materially and adversely affect our results of operation and financial condition. Additionally, judgment and estimation are required in establishing the relevant valuation techniques where market-observable data for certain financial assets are not readily available, which inherently involves a certain degree of uncertainty. Changes in assumptions relating to our valuation could result in material adjustments to the fair value of such financial assets, which may have a material adverse effect on our financial position and results of operations.

RISKS RELATED TO DOING BUSINESS IN THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, social conditions and policies may impact our business, financial condition, results of operations and prospects.

Substantially all of our revenue is derived from our businesses in the PRC during the Track Record Period. Accordingly, our financial condition, results of operations and prospects are, to a material extent, subject to economic and legal developments in the PRC. If the macroeconomic condition in China experiences significant adverse changes, demand for our products and our ability to maintain our operations may suffer, which will consequently have a material adverse effect on our financial condition, results of operations and our future prospects.

China's economy has experienced significant growth over the past decades since the implementation of reform and opening-up policy. In recent years, the PRC government has implemented measures emphasizing the utilization of market forces in economic reform and the establishment of sound corporate governance practices in business enterprises. These economic reform measures may be adaptively adjusted from industry to industry or across different regions of the country. If the business environment in China changes, our business in China may also be affected.

We are subject to regulatory requirements in labor-related laws and regulations. Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties.

In accordance with relevant PRC laws and regulations, we are required to make contributions to the social insurance plans and the housing provident fund (collectively, the "Employee Benefits") under the relevant PRC laws and regulations for our employees. During the Track Record Period, we did not fully contribute to social insurance for certain of our employees and certain of our PRC subsidiaries engaged third-party service providers to pay the Employee Benefits for some of our employees on their behalf. For details, see "Business — Employees." According to the Social Insurance Law of the PRC, if we fail to make the full contribution of social insurance premiums as required, the local social insurance agencies may require us to pay the outstanding amount within a prescribed period and may impose a late payment fee equivalent to 0.05% of the overdue payment per day from the date on which the payment is payable. If such payment is not made within the prescribed period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. As of the Latest Practicable Date, we had not received any notice or inquiry from the relevant governmental authorities due to the abovementioned practice of making contributions to the Employee Benefits, and we obtained compliance certificates from competent authorities with respect to contributions to the Employee Benefits.

Our compliance challenges may be compounded by the evolving PRC labor laws and regulations. According to the Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which was promulgated on July 31, 2025 and became effective since September 1, 2025, if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People' Court shall deem such agreement or undertaking invalid. Our PRC Legal Advisors are of the view that the New Judicial Interpretation does not repeal or revise the social insurance laws and regulations currently in force in the PRC, and would not cause us to undertake additional social insurance exposure. However, as the interpretation and implementation of labor-related laws and regulations are still evolving, our employment practice could inadvertently violate labor-related laws and regulations in China, which may subject us to be required by competent authorities to rectify the non-compliance and could be subject to fines or penalties. If we are deemed to have violated relevant labor laws and regulations in the future, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the document based on foreign laws.

Substantially all of our business and operations are located in the PRC. In addition, almost all of our Directors, supervisors and officers reside in China and substantially all of their assets are located in China. It may be difficult for investors to effect service of process upon those persons residing in China or to enforce against us or them in China any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of most other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside China may be difficult or even impossible.

On July 14, 2006, the Supreme People's Court of the PRC and the Government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**Arrangement**"). Under the Arrangement, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against certain of our assets or Directors in China in order to seek recognition and enforcement of foreign judgments in China.

On January 18, 2019, the Supreme People's Court of the PRC and Hong Kong entered into an agreement regarding the scope of judgments which may be enforced between China and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**New Arrangement**"). The New Arrangement broadens the scope of judgments that may be enforced between China and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties' agreement. The New Arrangement became effective on January 29, 2024 both in China and in Hong Kong and replaced the Arrangement when the former becomes effective. Under the New Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has been signed, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a PRC court.

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

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, the government grants we recognized as other income amounted to RMB7.4 million, RMB6.8 million, RMB42.4 million, RMB32.1 million and RMB13.6 million, respectively. In addition, operating in the semiconductor industry, a number of our PRC subsidiaries enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. In particular, certain of our subsidiaries were accredited as high technology enterprises in 2021 and renewed such qualification in 2024, and as a result, are entitled to a preferential corporate income tax rate of 15% from 2021 to 2026. For details, see Note 7 to the Accountant's Report in Appendix I to this prospectus.

As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. We cannot assure you that we will always be able to maintain the government grants or preferential tax treatment, if the government grants or preferential tax treatment is revoked, become unavailable or if the calculation of our liability is successfully challenged by the applicable government authorities or require us to repay part or all of the government grants we previously received at any time, our business, results of operations, financial condition and prospects may be adversely affected.

Governmental regulation of currency conversion may limit our ability to utilize our revenue effectively and affect the value of your investment.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. We receive most of our payments from customers in Renminbi and may need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our H Shares. Under the Chinese existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE or its local branches by complying with certain procedural requirements. However, we may not be able to pay dividends in foreign currencies to our Shareholders if access to foreign currencies for current account transactions is restricted in the future. Foreign exchange transactions under our capital account continue to be subject to foreign exchange controls and require the approval of the SAFE or its local branches. These limitations could affect our ability to obtain foreign exchange through equity financing, or to obtain foreign exchange for capital expenditures.

Most of our revenue and costs are denominated in Renminbi. Any significant revaluation of the Renminbi may materially and adversely affect our results of operations, cash flows and financial condition. The exchange rate of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, the government policies and changes in global (including China) political and economic conditions. It is difficult to predict how market forces or government policies may impact the exchange rate between the Renminbi and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

Changing international circumstances could result in appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currencies. If the Renminbi appreciates against other currencies significantly, and as we need to convert and remit the proceeds from the Global Offering and future financing into the Renminbi for our operations, appreciation of the Renminbi against the relevant foreign currencies would reduce the Renminbi amount we would receive from the conversion. On the other hand, because the dividends on our H Shares, if any, will be paid in Hong Kong dollars, any devaluation of the Renminbi against the Hong Kong dollar could reduce the amount of any cash dividends on our H Shares in Hong Kong dollar terms. In addition, there are limited instruments available for us to reduce our exposure to foreign currency risk at reasonable costs. Any of the foregoing factors may materially and adversely affect our businesses, results of operations, financial condition and prospects.

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

Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) promulgated by SAFE on February 15, 2012, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our Directors, Supervisors, senior management and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted share-based awards will be subject to these regulations when we become an overseas listed company upon the completion of this offering. Failure to complete the required registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory developing from time to time that could influence our ability to adopt additional incentive plans for our Directors, Supervisors, senior management and employees under PRC law.

The SAT also issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Adverse developments in government policies that are favorable for smart vehicles or semiconductor could materially and adversely affect our business, financial conditions and results of operations.

Our growth depends in part on favorable government policies in respect of the industry in which we operate. For details on such policies, see "Regulatory Overview — Overview of the Laws and Regulations in the PRC — Policies and Regulations Related to Integrated Circuit Industry and Smart Driving Industry." However, such policies may be subject to changes that are beyond our control. The government policies may change from time to time. Changes in such policies may have a material adverse impact on our business, financial condition and results of operations.

We face certain risks relating to our leased properties, which may disrupt our operations and relocation costs.

We primarily lease properties as our headquarters and office space. Any limitations on the leased properties, or lessors' title to such properties, may impact our use of the offices, or in extreme cases, result in relocation, which may in turn adversely affect our business operations.

Pursuant to applicable PRC laws and regulations, all lease agreements are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, certain of our leased properties in China had not been registered with the relevant PRC government authorities. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify within the prescribed time period after receiving notices from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. As of the Latest Practicable Date, we were not aware of any notice or allegation of penalty from PRC government authorities for our failure on the registration of lease agreements.

RISKS RELATED TO THE GLOBAL OFFERING AND OUR SHARES

No public market currently exists for our H Shares. An active trading market for our H Shares may not develop and the market price and trading volume of our H Shares may be volatile.

Following the completion of the Global Offering, we cannot assure you that an active trading market for our H Shares on the Hong Kong Stock Exchange will develop or be sustained. The Offer Price of our H Shares is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our H Shares will be traded following the completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, regulatory development, additions or departures of key personnel, or actions taken by competitors could cause the market price of our H Shares or trading volume of our H Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares, and as a result investors in our H Shares may incur substantial losses.

Future sales or perceived sales or conversion of significant amounts of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares.

Prior to the Global Offering, there has not been a public market for our H Shares. Future sales or perceived sales of significant amounts of our H Shares or conversion of the Unlisted Shares, if any, by specific Shareholders subject to certain regulatory requirements, after the Global Offering could result in a significant decrease in the prevailing market price of our H Shares. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our H Shares in the public market or the perception that these sales, or conversion of existing Unlisted Shares, if any, may occur could significantly decrease the prevailing market price of our H Shares and our ability to raise equity capital in the future.

You will experience immediate and substantial dilution as a result of the Global Offering and may experience further dilution if we issue additional Shares or equity securities in the future.

The Offer Price of the H Shares is higher than the net tangible asset value per H Share immediately prior to the Global Offering. Therefore, purchasers of the H Shares in the Global Offering will experience an immediate dilution. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the H Shares may experience dilution if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares through the employee incentive platforms, which would further dilute Shareholders' interests in our Company.

There can be no assurance whether and when we will pay dividends in the future, and payment of dividends is subject to applicable PRC laws.

We cannot guarantee when and in what form dividends will be paid on our Offer Shares following the Global Offering. The declaration of dividends is proposed by the Board and is based on, and limited by, various factors, such as our business and financial performance, capital and regulatory requirements and general business and operation conditions. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

Investors should not place undue reliance on facts, forecasts, estimates and other statistics in this prospectus relating to the economy and our industry obtained from official government sources.

Facts, forecasts, estimates and other statistics in this prospectus relating to the economy and the industry in which we operate our business on have been collected from materials from official government sources. We cannot assure you nor make any representation as to the accuracy or completeness of such information. The information and statistics from official government sources have not been independently verified by our Group, our Directors, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters or any other party involved in the Global Offering, and no representation is given as to its accuracy.

Neither we or any of our respective affiliates or advisors, nor the Underwriters or any of its affiliates or advisors, have independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. In particular, due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such information and statistics may be inaccurate or may not be comparable to information and statistics produced with respect to other countries. Statistics, industry data and other information relating to the economy and the industry derived from the official government sources used in this prospectus may not be consistent with other information available from other sources and therefore, investors should not unduly rely upon such facts, forecasts, estimates and statistics while making investment decisions.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and trading volume of our H Shares may decline.

Research reports published by securities or industry analysts about our business may influence the trading market of our H shares. If one or more analysts who cover us downgrade their evaluations of our H Shares, or if they issue reports with negative outlooks or misinformation regarding our operations, it could result in a material decline in the market price of our H Shares. If one or more of these analysts cease coverage for us or fail to publish regular reports on us, we could lose visibility in the financial markets, which, in turn, could adversely affect the market price or trading volume of our H shares.

Forward-looking information contained in this prospectus is subject to risks and uncertainties.

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

You should read the entire prospectus carefully and should not place any reliance on any information contained in press articles or other media regarding the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us. Such press and media coverage may include references to certain information that does not appear in this prospectus, 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 prospectus, we disclaim responsibility for it and you should not rely on such information.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

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

Since most of the business operations of our Group are conducted outside of Hong Kong, and most of our executive Directors ordinarily reside outside of Hong Kong, our Company considers that it would be difficult to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors, which is not in the best interest of our Company and our 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 Rule 8.12 of the Listing Rules.

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

(i) **Authorized representatives**: both of our Company's authorized representatives, Mr. SHI Xiaoye (施曉燁), an executive Director, chief financial officer and a joint company secretary of our Company and Ms. CHU Cheuk Ting (朱卓婷), a joint company secretary of our Company, will act as the authorized representatives of our Company and our principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email.

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

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

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

(iii) **Compliance advisor**: we have appointed BOCOM International (Asia) Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the Listing Date to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year immediately following the Listing Date. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Advisor will have access at all times to our authorized representatives, Directors and senior management. We shall also ensure that our authorized representatives, Directors and senior management will promptly provide such information and assistance as the Compliance Advisor may need or may reasonably require in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, authorized representatives, Directors, senior management and the Compliance Advisor, and will keep the Compliance Advisor fully informed of all communications and dealings between the Stock Exchange and us.

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

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

JOINT COMPANY SECRETARIES

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

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

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

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

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

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

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

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

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

(iv) professional qualifications in other jurisdictions.

Pursuant to paragraph 13 of Chapter 3.10 of the Listing Guide, the Stock Exchange will consider a waiver application by an issuer in relation to Rules 3.28 and 8.17 of the Listing Rules based on the specific facts and circumstances. Factors that will be considered by the Stock Exchange include:

(i) whether the issuer has principal business activities primarily outside Hong Kong;

(ii) whether the issuer was able to demonstrate the need to appoint a person who does not have the Acceptable Qualification (as defined under paragraph 11 of Chapter 3.10 of the Listing Guide) nor Relevant Experience (as defined under paragraph 11 of Chapter 3.10 of the Listing Guide) as a company secretary; and

(iii) why the directors consider the individual to be suitable to act as the issuer's company secretary.

Further, pursuant to paragraph 13 of Chapter 3.10 of the Listing Guide, such waiver, if granted, will be for a fixed period of time (the "**Waiver Period**") and on the following conditions:

(i) the proposed company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and

(ii) the waiver will be revoked immediately in the event of any material breaches of the Listing Rules by the issuer.

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

We have appointed Mr. SHI Xiaoye (施曉燁) ("**Mr. SHI**") and Ms. CHU Cheuk Ting (朱卓婷) ("**Ms. CHU**") as our joint company secretaries. Mr. SHI is an executive Director and the chief financial officer of our Company. Since Mr. SHI does not possess a qualification stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a listed issuer stipulated under Rules 3.28 and 8.17 of the Listing Rules. To support Mr. SHI, we have appointed Ms. CHU, who is a member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance, for a three-year period from the Listing Date so as to enable Mr. SHI to acquire the relevant experience (as required under Rule 3.28(2) of the Listing Rules) to duly discharge his duties.

Accordingly, our Company has applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Mr. SHI as our joint company secretary. Pursuant to paragraphs 13, 15 and 16 of Chapter 3.10 of the Listing Guide, such waiver has been granted on the conditions that:

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

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

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

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

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

(vi) this waiver is subject to revocation in the event of any material breaches of the Listing Rules by our Company.

See the section headed "Directors, Supervisors and Senior Management" in this prospectus for further information regarding the qualifications of Mr. SHI and Ms. CHU.

CONSENT IN RESPECT OF THE PROPOSED SUBSCRIPTION OF H SHARES BY CERTAIN CORNERSTONE INVESTORS WHO ARE CONNECTED CLIENTS

Paragraph 1C of Appendix F1 to the Listing Rules provides that no allocations will be permitted to "connected clients" of the overall coordinator(s), any syndicate member(s) (other than the overall coordinator(s)) or any distributor(s) (other than syndicate member(s)), without the prior written consent of the Stock Exchange.

Paragraph 1B of the Appendix F1 to the Listing Rules states that "connected client" in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

CICC Financial Trading Limited ("**CICC FT**") has entered into cornerstone investment agreements with, among others, the Company, China International Capital Corporation Hong Kong Securities Limited ("**CICCHKS**"), Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited ("**GTJA Securities**") and BOCOM International Securities Limited. CICC FT and China International Capital Corporation Limited will enter into a series of cross-border over-the-counter swap transactions (collectively, the "**Longhorn OTC Swaps**") with each other and the ultimate client, namely Shenzhen Longhorn Technology Co., Ltd. (深圳市豪恩科技集團股份有限公司), (the "**TRS Ultimate Client (Longhorn)**"), pursuant to which CICC FT will hold the Offer Shares on a non-discretionary basis to hedge the Longhorn OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the TRS Ultimate Client (Longhorn), subject to customary fees and commissions. The Longhorn OTC Swaps will be fully funded by the TRS Ultimate Client (Longhorn). During the terms of the Longhorn OTC Swaps, all economic returns of the Offer Shares subscribed by CICC FT will be passed to the TRS Ultimate Client (Longhorn) and all economic loss shall be borne by the TRS Ultimate Client (Longhorn) through the Longhorn OTC Swaps, and CICC FT will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Longhorn OTC Swaps are linked to the Offer Shares and the TRS Ultimate Client (Longhorn) may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into between CICC FT and the Company and ending on the date which is six months from the Listing Date, request to early terminate the Longhorn OTC Swaps at their own discretion, upon which CICC FT may dispose of the Offer Shares and settle the Longhorn OTC Swaps in cash in accordance with the terms and conditions of the Longhorn OTC Swaps. Despite that CICC FT will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Longhorn OTC Swaps according to its internal policy. CICC FT and CICCHKS, one of the Overall Coordinators and Underwriters of the Global Offering, are members of the same group of companies. Accordingly, CICC FT is a connected client of CICCHKS.

Guotai Junan Investments (Hong Kong) Limited ("**GTJA Investment**") has entered into cornerstone investment agreements with, among others, the Company, CICCHKS, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, GTJA Securities and BOCOM International Securities Limited. Guotai Junan Investment and Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) ("**GTHT Onshore Parent**") will enter into a series of cross border over-the-counter swap transactions (the "**Guanlan OTC Swaps**") with each other and the ultimate clients, which include Guanlan Investment Flexible Allocation No. 5 Private Equity Investment Fund (觀瀾投資靈活配置5號私募證券投資基金) (the "**Guanlan Ultimate Clients**") managed by Qingdao Guanlan Investment Management Co., Ltd. (青島觀瀾投資管理有限公司) ("**Qingdao Guanlan**"), pursuant to which GTJA Investment will hold the Offer Shares on a non-discretionary basis to hedge the Guanlan OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the Guanlan Ultimate Clients, subject to customary fees and commissions. The Guanlan OTC Swaps will be fully funded by the Guanlan Ultimate Clients. During the terms of the Guotai Haitong OTC Swaps, all economic returns of the Offer Shares subscribed by GTJA Investment will be passed to the Guanlan Ultimate Clients and all economic loss shall be borne by the Guanlan Ultimate Clients through the Guanlan OTC Swaps. GTJA Investment will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Guanlan OTC Swaps are linked to the Offer Shares. The Guanlan Ultimate Clients may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into between GTJA Investment and the Company and ending on the date which is six months from the Listing Date, request to early terminate the Guanlan OTC Swaps at its own discretion, upon which GTJA Investment may dispose of the Offer Shares and settle the Guanlan OTC Swaps in cash in accordance with the terms and conditions of the Guotai Haitong OTC Swaps. Despite that GTJA Investment will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Guanlan OTC Swaps according to its internal policy. GTJA Investment and GTJA Securities, one of the Overall Coordinators and Underwriters of the Global Offering, are members of the same group of companies. Accordingly, GTJA Investment is a connected client of GTJA Securities.

We have applied for, and the Stock Exchange has granted, a consent under paragraph 1C of Appendix F1 to the Listing Rules to permit each of (i) CICC FT (in connection with Longhorn OTC Swaps) and (ii) GTJA Investment (in connection with Guotai Haitong OTC Swaps) (collectively, the "**Connected Client Cornerstone Investors**") to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 5 of Chapter 4.15 of the Guide for New Listing Applicants:

(a) any Offer Shares to be allocated to each of the Connected Client Cornerstone Investors will be held on behalf of independent third parties;

(b) the cornerstone investment agreement of each of the Connected Client Cornerstone Investors does not contain any material terms which are more favorable to them (as the case may be) than those in other cornerstone investment agreements

(c) no preferential treatment has been, nor will be, given to CICC FT or GTJA Investment by virtue of their relationship with CICCHKS or GTJA Securities, respectively, in any allocation of Offer Shares in the International Offering other than the assured entitlement under the relevant cornerstone investment agreements;

(d) each of CICC FT and GTJA Investment confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering as a cornerstone investor by virtue of its relationship with CICCHKS and GTJA Securities, respectively, other than the assured entitlement under the relevant cornerstone investment agreements;

(e) each of the Company, the Overall Coordinators, the Connected Client Cornerstone Investors and CICCHKS and GTJA Securities has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide for New Listing Applicants; and

(f) details of the cornerstone investments and details of the allocations will be disclosed in this prospectus and the allotment results announcement.

WAIVER UNDER RULE 10.04 AND CONSENT UNDER PARAGRAPH 1C(2) OF APPENDIX F1 TO THE LISTING RULES IN RESPECT OF SUBSCRIPTIONS OF OFFER SHARES BY EXISTING SHAREHOLDERS AND/OR ITS CLOSE ASSOCIATES AS CORNERSTONE INVESTORS

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions set out in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides, inter alia, that no allocations will be permitted to applicant's existing shareholders or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 are fulfilled, without the prior written consent of the Hong Kong Stock Exchange.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

As further described in the section headed "Cornerstone Investors" in this Prospectus, each of (a) WILL semiconductor Limited ("**OmniVision HK**"), a close associate of Mr. YU Renrong (虞仁榮) ("**Mr. Yu**"), an existing Shareholder holding approximately 1.12% in the total issued share capital of the Company as at the Latest Practicable Date and (b) JSC International Investment Fund SPC ("**JSC Investment**", collectively with OmniVision HK, the "**Existing Shareholder CI Participants**"), for the purpose of the Cornerstone Placing, a close associate of certain shareholders which are ultimately controlled by government or state-owned authorities within Zhejiang Province (each not a substantial shareholder of the Company), comprising Ningbo Zhenhai Weiyuan Zhenxin Phase I Semiconductor Industry Investment Partnership (Limited Partnership) (寧波市鎮海威遠鎮芯一期半導體產業投資合夥企業（有限合夥）), Ningbo Tongshang Venture Investment Partnership (Limited Partnership) (寧波通商創業投資合夥企業（有限合夥）) and Hangzhou Caitong Hengxin Venture Investment Partnership (Limited Partnership) (杭州財通恒芯創業投資合夥企業（有限合夥）) (collectively, the "**Zhejiang GP Shareholders**", together with Mr. Yu, "**Existing Minority Shareholders**"); has entered into a cornerstone investment agreement with the Company, the Joint Sponsors and Overall Coordinators, pursuant to which the Existing Shareholder CI Participants have agreed to participate as cornerstone investors in the Global Offering to subscribe for the Offer Shares to be issued by the Company under the International Offering.

We have applied for a waiver under Rule 10.04 of the Listing Rules and a consent under paragraph 1C(2) of Appendix F1 to the Listing Rules, to permit the Existing Shareholder CI Participants to participate as cornerstone investors in the Global Offering to subscribe for the Offer Shares to be issued by the Company under the International Offering. The Hong Kong Stock Exchange has agreed to grant the requested waiver and consent subject to the conditions that:

(a) each of the Existing Minority Shareholders holds less than 5% of the Company's total voting rights before the Listing;

(b) each of the Existing Minority Shareholders and is not, and will not be, a core connected person of the Company or a close associate of any such connected person;

(c) each of the Existing Minority Shareholders (i) is a minority financial investor of the Company (i.e., the Company operates independently from each of the Existing Minority Shareholders and none of the Existing Minority Shareholders has any direct influence over the day-to-day operations, management or key personnel appointment of the Company); (ii) does not have any power to appoint Directors or any other special rights in the Company which may influence the allocation process;

(d) the allocation to the Existing Shareholders CI Participants will not affect the Company's ability to satisfy its public float requirement under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules;

(e) the Company and the Overall Coordinators confirmed to the Stock Exchange in writing that no preferential treatment has been, or will be, given to any of the Existing Shareholders CI Participants as cornerstone investors by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement for a cornerstone investor following the principles set out in Chapter 4.15 of the Guide;

(f) the Company confirms that the cornerstone investment agreement does not contain any material term which is more favorable to the Existing Shareholders CI Participants than those in other cornerstone investment agreements; and

(g) the Joint Sponsors confirm to the Stock Exchange in writing that based on (i) their discussions with the Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators, and to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Shareholders CI Participants as cornerstone investors by virtue of their relationship with the Company in any allocation in the placing tranche, other than the preferential treatment of assured entitlement for a cornerstone investor following the principles set out in Chapter 4.15 of the Guide, and details of the allocation will be disclosed in the Company's prospectus and/or allotment results announcement.

For further information about the relevant cornerstone investments, please refer to the section headed "Cornerstone Investors" in this Prospectus.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1)(b) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, subject to Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses to state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of its prospectus, as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a report by the auditors of the listing applicant with respect to profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of the prospectus.

According to Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as it thinks fit, a certificate of exemption from compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with the relevant requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Relevant requirements under the Listing Rules

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the listing applicant and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus of the listing applicant, or such shorter period as may be acceptable to the Stock Exchange, be included in the accountants' report of the prospectus.

Relevant requirements under the Guide for New Listing Applicants

Appendix II to Chapter 1.1A of the Guide for New Listing Applicants issued by the Stock Exchange provides that where an applicant issues its listing document within two months after the latest year end, a Rule 4.04(1) waiver would be subject to the following conditions:

(a) the applicant must list on the Stock Exchange within three months after the latest year end;

(b) the applicant must obtain a certificate of exemption from the SFC on compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements;

(c) the listing document must include a profit estimate for the latest financial year that complies with Rules 11.17 to 11.19 of the Listing Rules or provide justification why a profit estimate cannot be included;

(d) the listing document must include a directors' statement that there is no material adverse change to an applicant's financial and trading positions or prospects with specific reference to the trading results from the end of the stub period to the latest financial year end; and

(e) the applicant must publish preliminary results announcement and annual report after listing for the last financial year prior to listing as required under Rules 13.49 and 13.46 of the Listing Rules.

Grounds for the waiver and exemption

The financial year of our Company ends on December 31. This prospectus contains the consolidated results of the Group for the three years ended December 31, 2024 and the nine months ended September 30, 2025, but does not include the financial statements and results of the Group in respect of each of the three financial years immediately preceding the issue of the prospectus as required under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The strict compliance with the requirements under Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for our Company due to the following reasons:

(a) there would not be sufficient time for our Company and the reporting accountants of our Company (the "**Reporting Accountants**") to finalize the audited consolidated financial statements of the Group for the year ended December 31, 2025 for inclusion in this prospectus. It would be unduly burdensome for our Company and the Reporting Accountants to undertake the considerable amount of work required to prepare, update and finalize the Accountants' Report to cover such additional period within a short period of time. If the results for the full year ended December 31, 2025 are to be included in this prospectus, there would be a significant delay in the listing timetable;

(b) our Company has included in this prospectus (i) the Accountants' Report covering the three years ended December 31, 2024 and the nine months ended September 30, 2025, (ii) the loss estimate of the Group for the year ended December 31, 2025 that complies with Rules 11.17 to 11.19 of the Listing Rules, and (iii) the information regarding the recent development of the Group subsequent to the Track Record Period and up to the Latest Practicable Date, as disclosed in "Summary — Recent Development and No Material Adverse Change;"

(c) our Directors are of the view that and the Joint Sponsors confirm that, after performing all reasonable due diligence work which they considered appropriate, up to the date of this prospectus, there has been no material adverse change to the financial and trading positions or prospects since September 30, 2025 (being the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this prospectus) to the date of this prospectus; and there has been no event since September 30, 2025 and up to the date of this Prospectus which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this prospectus, the loss estimate for the year ended December 31, 2025 as set out in Appendix IIA to this prospectus and the section headed "Financial Information" in this prospectus and other parts of this prospectus. Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of our Directors expressed above; and

(d) our Company is of the view that the Accountants' Report covering the three years ended December 31, 2024 and the nine months ended September 30, 2025, as set out in Appendix I to this prospectus, the unaudited pro forma financial information as set out in Appendix II to this prospectus, the loss estimate for the year ended December 31, 2025 as set out in Appendix IIA to this prospectus, together with other disclosure in this prospectus, have already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company, and that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the granting of the waiver and exemption will not prejudice the interest of the investing public.

Waiver and exemption application

Based on the grounds set out above, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, relating to inclusion in the Accountants' Report of the consolidated results of the Group in respect of the full financial year ended December 31, 2025, on the conditions that:

(a) this prospectus will be issued on or before January 30, 2026 and the Listing Date shall not be later than three months after the latest financial year end of our Company (i.e. on or before March 31, 2026);

(b) our Company obtained from the SFC a certificate of exemption from strict compliance with the requirements under section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(c) this prospectus contains a loss estimate for the year ended December 31, 2025 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) and a Directors' statement that there is no material adverse change to the financial and trading positions or prospects of our Company with specific reference to the trading results since September 30, 2025 and up to December 31, 2025; and

(d) our Company will publish its preliminary results announcement and annual report for the year ended December 31, 2025 in accordance with Rules 13.49(1) and 13.46(2) of the Listing Rules.

Based on the grounds set out above, we have also applied to the SFC for, and the SFC has granted us, a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to the extent that our Company's financial statements in this prospectus do not fully comply with the relevant requirements, on the conditions that:

(a) the particulars of this exemption are set out in this prospectus; and

(b) the prospectus will be issued on or before January 30, 2026 and the Company's Shares will be listed on or before March 31, 2026 i.e. three months after the latest financial year-end.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

CSRC FILING

We have obtained a filing notice dated January 6, 2026 from the CSRC for the Global Offering, the Conversion of Domestic Shares into H Shares, and the Listing of the H Shares on the Stock Exchange. In granting such filing notice, the CSRC accepts no responsibility for the financial soundness of us or for the accuracy of any of the statements made or opinions expressed in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

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

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters and subject to the terms and conditions of the International Underwriting Agreement. For further details on the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale, delivery, subscription or acquisition made in connection with the Offer Shares shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any date subsequent to the date of this prospectus.

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, please refer to the section headed "Structure of the Global Offering" in this prospectus.

INFORMATION ON THE CONVERSION OF DOMESTIC SHARES INTO H SHARES

We have applied for the Conversion of Unlisted Shares into H Shares, which involves a total of 482,845,281 Unlisted Shares held by the existing Shareholders. See "History, Development and Corporate Structure" and "Share Capital" for details of our existing Shareholders and their respective interests in our Company and relevant procedures for the Conversion of Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing.

We have obtained a filing notice dated January 6, 2026 from the CSRC for the Conversion of Unlisted Shares into H Shares and the listing and trading of the H Shares converted on the Stock Exchange is still subject to the approval by the Stock Exchange.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set forth in "How to Apply for Hong Kong Offer Shares" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by their acquisition of Hong Kong Offer Shares to, confirm that they are aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered and sold, directly or indirectly, in the PRC.

Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors, Supervisors or existing Shareholders or a nominee of any of the foregoing.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the H Shares to be converted from Domestic Shares.

Dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, February 10, 2026. Save as otherwise disclosed in this prospectus, no other part of our share capital is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought as of the date of this prospectus.

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

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted in to CCASS. Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

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

Dealings in our H Shares registered in the H Share register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

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

According to the Guide to the Program for "Full Circulation" of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our H Share Registrar, and it has agreed not to register the subscription, purchase or transfer of any H Share in the name of any particular holder unless and until the holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Overseas Listing Trial Measures and our Articles of Association;

(ii) agrees with us, each of our Shareholders, Directors, Supervisors, members of senior management and officers, and we acting for ourselves and for each of our Directors, Supervisors, members of senior management and officers agree with each of our Shareholders, to refer all differences, disputes and claims concerning our affairs and arising from any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant laws, rules and regulations to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

(iii) agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his/her behalf with each of our Directors, Supervisors, senior officers whereby such Directors, Supervisors, members of senior management undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, the English version of this prospectus shall prevail. The English names of the Chinese laws and regulations, government authorities, institutions, natural persons, other entities (including certain of our subsidiaries), facilities, certificates and titles included in this prospectus are translations of their Chinese names for identification purposes only. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of RMB0.8968 to HK$1.00, Renminbi into U.S. dollars at the rate of RMB6.9929 to US$1.00 and Hong Kong dollars into U.S. dollars at the rate of HK$7.7980 to US$1.00. The Renminbi to Hong Kong dollars and Renminbi to U.S. dollars exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on January 23, 2026.

No representation is made that any amounts in RMB, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

MARKET SHARE DATA CONVENTION

The statistical and market share information contained in this prospectus has been derived from official government publications and other sources, including information or data provided by China Insights Consultancy. Unless otherwise indicated, the information has not been verified by us independently. This statistical information may not be consistent with other statistical information from other sources within or outside the PRC. While reasonable caution has been made in the process of reproducing the data and statistics extracted from such official government publications or other sources, our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our and their respective directors, officers, employees, advisors, agents or representatives, or any other persons or parties involved in the Global Offering make no representation to the appropriateness, accuracy, completeness or reliability of any such statistical and market share information.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. QIU Xiaoxin	Room 1002, Building 16 Poly Royal Mansion Lane 138, Tangzhen Road Pudong New Area Shanghai PRC	American
Mr. SUN Weifeng (孫微風)	B20-8D Cote d'Azur Nanshan District Shenzhen Guangdong PRC	Chinese
Mr. SHI Xiaoye (施曉燁)	No. 620 Zhongshan West Road Changning District Shanghai PRC	Chinese
Mr. WANG Yuan (王遠)	Room 201, Building 7 Lane 1876, Qishan Road Pudong New Area Shanghai PRC	Chinese
Non-executive Directors		
Mr. ZHOU Siyuan (周思遠)	Room 103, Building 6 Lane 41, Rongcheng Road Pudong New Area Shanghai PRC	Chinese
Mr. GU Kaining (顧愷寧)	Room 807, Building 47 Wanke City Zhenhai District Ningbo Zhejiang PRC	Chinese
Ms. BAI Ting (白婷)	Room 30-3, Building 2 23 Rongjing Road Jiangbei District Chongqing PRC	Chinese
Mr. WANG Chen (王晨)	Room 1003, Area 3 Fangchenyuan Community Fengtai District Beijing PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Ms. TAN Ren	Room 501, Building 7 Lane 730, Lingshan Road Pudong New Area Shanghai PRC	American
Mr. LI Jun (李軍)	6-1-601 Heqingyuan Haidian District Beijing PRC	Chinese
Dr. WANG Xin (王鑫)	Flat F, 32/F, Tower 2 Fleur Pavilia 1 Kai Yuen Street, North Point Hong Kong	Chinese
Prof. CHEN Xin (陳欣)	No. 1954 Huashan Road Xuhui District Shanghai PRC	Chinese

SUPERVISORS *Note*

Name	Address	Nationality
Ms. PENG Nan (彭楠)	Room 1309, Building 5 Lane 108, Hongfeng Road Pudong New Area Shanghai PRC	Chinese
Ms. ZHOU Ying (周穎)	Room 301, Building 35 Lane 689, Yangnan Road Pudong New Area Shanghai PRC	Chinese
Ms. CHEN Xiaowen (陳曉文)	Room 903, Building 12 Lane 580, Kanghong Road Pudong New Area Shanghai PRC	Chinese

Notes:

(1) Immediately upon the Listing, the Supervisory Committee will be dissolved. Each of the Supervisors will resign as Supervisor with effect from the Listing Date.

(2) *As of the Latest Practicable Date, Mr. ZHAO Changhua (趙昌華), Mr. LIU Jianwei (劉建偉) and Mr. ZHOU Zhifeng (周志峰) were our Directors. They have tendered their resignations from the directorships of the Company on June 23, 2025 which will take effect upon Listing. Please see "Directors, Supervisors and Senior Management" for further details of our Directors upon Listing*

For further details regarding our Directors and Supervisors, please see "Directors, Supervisors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Guotai Junan Capital Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	BOCOM International (Asia) Limited 9/F Man Yee Building 68 Des Voeux Road Central Hong Kong
Overall Coordinators, Sponsor-Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	BOCOM International Securities Limited 10/F Man Yee Building 68 Des Voeux Road Central Hong Kong
Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

BOCOM International Securities Limited
10/F Man Yee Building
68 Des Voeux Road Central
Hong Kong

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

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

TradeMaster Securities (Hong Kong)
21/F, Hip Shing Hong Centre
55 Des Voeux Road Central
Hong Kong

Capital Market Intermediaries

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

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

BOCOM International Securities Limited
10/F Man Yee Building
68 Des Voeux Road Central
Hong Kong

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

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

TradeMaster Securities (Hong Kong)
21/F, Hip Shing Hong Centre
55 Des Voeux Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Livermore Holdings Limited
Unit 1214A, 12/F, Tower II Cheung Sha Wan Plaza
833 Cheung Sha Wan Road
Kowloon
Hong Kong

Golden Continent Securities Co., Limited
Unit 7, 11/F, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan
Hong Kong

Legal Advisors to our Company

as to Hong Kong and U.S. laws:

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

as to PRC law:

CM Law Firm
Room 2805, Plaza 66 Tower 2
1366 Nanjing West Road
Jing'an District
Shanghai
PRC

as to U.S. export control and sanctions law:

Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street, NW
Washington, DC 20036
The United States

Legal Advisors to the Joint Sponsors and Underwriters	*as to Hong Kong and U.S. laws:* **Clifford Chance** 27th Floor, Jardine House One Connaught Place Central Hong Kong *as to PRC law:* **Commerce & Finance Law Offices** 12-15th Floors, China World Office 2 No.1 Jianguomenwai Avenue Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC
Compliance Advisor	**BOCOM International (Asia) Limited** 9/F Man Yee Building 68 Des Voeux Road Central Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong **China CITIC Bank International Limited** 80 Floor, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong

Head Office, Registered Office and Principal Place of Business in the PRC	Room 59, 17th Floor, Kechuang Building No. 777 Zhongguan West Road Zhuangshi Subdistrict, Zhenhai District Ningbo Zhejiang PRC
Principal Place of Business in Hong Kong	31/F., Tower Two Times Square, 1 Matheson Street Causeway Bay Hong Kong
Company's Website	www.axera-tech.com *(Information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	**Mr. SHI Xiaoye (施曉燁)** Room 59, 17th Floor, Kechuang Building No. 777 Zhongguan West Road Zhuangshi Subdistrict, Zhenhai District Ningbo Zhejiang PRC **Ms. Chu Cheuk Ting (朱卓婷)** *(a member of The Hong Kong Chartered Governance Institute and a member of The Chartered Governance Institute in the United Kingdom)* 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	**Mr. SHI Xiaoye (施曉燁)** Room 59, 17th Floor, Kechuang Building No. 777 Zhongguan West Road Zhuangshi Subdistrict, Zhenhai District Ningbo Zhejiang PRC **Ms. Chu Cheuk Ting (朱卓婷)** 31/F, Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Ms. TAN Ren *(Chairperson)* Mr. ZHOU Siyuan (周思遠) Dr. WANG Xin (王鑫)

Remuneration and Appraisal Committee	Mr. LI Jun (李軍) *(Chairperson)* Mr. SUN Weifeng (孫微風) Prof. CHEN Xin (陳欣)
Nomination Committee	Dr. QIU Xiaoxin *(Chairperson)* Mr. LI Jun (李軍) Prof. CHEN Xin (陳欣)
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East, Wan Chai Hong Kong
Principal Bank(s)	**China Merchants Bank Co., Ltd. Shanghai Branch** 2F, North Tower, China Merchants Bank Tower No. 1088, Lujiazui Ring Road Pudong New Area Shanghai PRC
	China Minsheng Bank Co., Ltd. Shanghai Zhangjiang Sub-Branch No. 6, Lane 2889, Jinke Road Shanghai Pilot Free Trade Zone Shanghai PRC
	Bank of China Limited Hangzhou Changhe Sub-Branch Room 102, Building 5 No. 768, Jianghong Road Changhe Subdistrict, Binjiang District Hangzhou Zhejiang PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public, market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy. The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors and advisors, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

OVERVIEW OF GLOBAL SEMICONDUCTOR MARKET

According to the World Semiconductor Trade Statistics (WSTS) and the Semiconductor Industry Association (SIA), global semiconductor sales reached USD 627.6 billion in 2024, representing a 19.1% increase from 2023. In 2024, the top ten market participants accounted for approximately 67% of global semiconductor market share, including NVIDIA, Samsung, Intel, SK hynix, Qualcomm, Broadcom, Micron, AMD, Apple, and MediaTek.

From a functional perspective, SoCs in the semiconductor industry can be classified into training chips and inference chips. Training chips are predominantly deployed in cloud environments to support large-scale model training. Inference chips, by contrast, can be deployed across end devices, edge nodes, and the cloud, enabling broad applications in 3C electronics, automotive, data centers, and remote servers. The upstream of the semiconductor industry primarily comprises raw material suppliers and manufacturing equipment providers. Raw materials include wafers and photoresists, while equipment covers lithography, etching, and deposition tools. The midstream encompasses chip design and wafer fabrication, extending to packaging and testing processes. The downstream features broad applications across 3C electronics, healthcare, telecommunications, IoT, automotive, and industrial sectors. The Company is primarily engaged in the midstream segment, with a strategic focus on chip design.

Artificial intelligence ("**AI**") has become the core engine driving global economic and social progress. By 2030, its contribution to global GDP growth is expected to exceed 15%.

Rise of Edge and On-device AI

In recent years, the groundbreaking advancements of large AI models such as large language models ("**LLMs**"), visual language models ("**VLMs**") and visual language action models ("**VLAs**") have provided a powerful impetus for the future progression of AI. By supporting essential functions like AI-generated content, image recognition, content recommendation, sales forecasting, and financial risk management, these models have swiftly permeated various application scenarios, expanding the frontiers of AI applications. Consequently, AI is no longer a supplementary add-on but the "nervous system" of intelligent devices that offer state-of-the-art technology within inches to end users.

Historically, large AI models deployment faced prohibitive barriers due to their substantial computational and memory requirements, which locked them into expensive cloud-based infrastructures requiring specialized hardware and high bandwidth. The evolution of AI deployment has undergone a transformative shift since 2024, driven by the rise in on-device and edge computing capabilities, the proliferation of compressed AI models, and the advancement of open-source LLMs. These technological advances have significantly reduced deployment and bandwidth costs, enabling large AI models to run natively on edge and endpoint devices. As a result, this shift has overcome the previous challenges of large AI model deployment in cost, network reliance, and geographic constraints, empowering a wider range of intelligent devices and accelerating the democratization of AI.

AI Chips — Core Enablers of AI Computing

The booming AI market has intensified the need for higher computing power to handle increasingly complex operations, positioning AI chips as a critical enabler of future technology progress. Specialized and purpose-built to handle diverse AI workloads, these AI chips are the backbone of AI developments. By adopting optimized architectures for parallel processing as well as power efficiency designs, these chips can enhance the efficiency of large-scale parallel computing.

Training and inference are two primary computing tasks for AI chips. Training involves processing massive amounts of data and optimizing parameters to build models before they are used in real-life applications. As a result, training was the main focus during the early stages of AI SoC industry development. However, as AI models, especially LLMs, have advanced in both performance and practicality, demands have extended – the industry is now placing greater emphasis on real-world applications, with AI inference chips gaining increasing traction.

	AI Training Chips	AI Inference Chips
Computing Power	• High computing power per training task	• Lower computing power per inference task
	• Low frequency of training tasks	• High frequency of inference tasks
Other Requirements	• High bandwidth for efficient model training, particularly in large-scale distributed training environments	• Low latency to ensure fast outcomes

Source: CIC Report, industry publications, news

AI inference chips can be deployed in the cloud, edge, and on-device scenarios, with each scenario demanding tailored chip designs for different requirements. Cloud AI inference chips are typically used in data centers, responsible for handling large-scale, high-density, and high-concurrency centralized inference tasks. As such, these chips prioritize high computing power, broad applicability, flexibility, and scalability. Edge AI inference chips are deployed in edge servers, gateways, or base stations closer to data sources. They perform real-time local inference, which on the other hand demands a careful balance between strong performance and power efficiency to ensure low latency, data security, and operational stability. On-device AI inference chips are used directly in end-user devices, such as consumer electronics like smartphones, smart vehicles, and smart home appliances. These chips therefore require rigorous optimization, balancing miniaturization, low power consumption, and effective inference performance to support stable, long-term use across diverse environments.

	AI Cloud Inference Chips	Edge AI Inference Chips	On-device AI Inference Chips
Deployment Scenario	• Data centers or remote servers	• Network node closer to the data source	• Endpoint devices such as smartphones, PCs, and wearables
Architecture	• Primarily use GPUs, FPGAs, or dedicated accelerator cards supporting heterogeneous computing and high-precision floating-point arithmetic	• Typically delivered in SoC or module form, integrating AI computation with application-specific processing tasks	• Typically adopt ASIC designs (e.g., Neural Processing Units (NPUs)) in more compact form with higher customization

	AI Cloud Inference Chips	Edge AI Inference Chips	On-device AI Inference Chips
Chip Features	• High computing power, general-purpose compatibility, and scalability	• Lower power consumption, optimized for latency and reliability under physical constraints	• Lower computing power, prioritizing low power consumption, low latency, and real-time performance
Chip Tasks	• Large-scale data processing and complex model inference	• Pre-processing and filtering of end-user data to reduce data transmission load, enabling real-time local processing and decision-making	• Empowering endpoint devices with localized AI capabilities, enabling fast response and low-power operation in high-frequency interactive scenarios

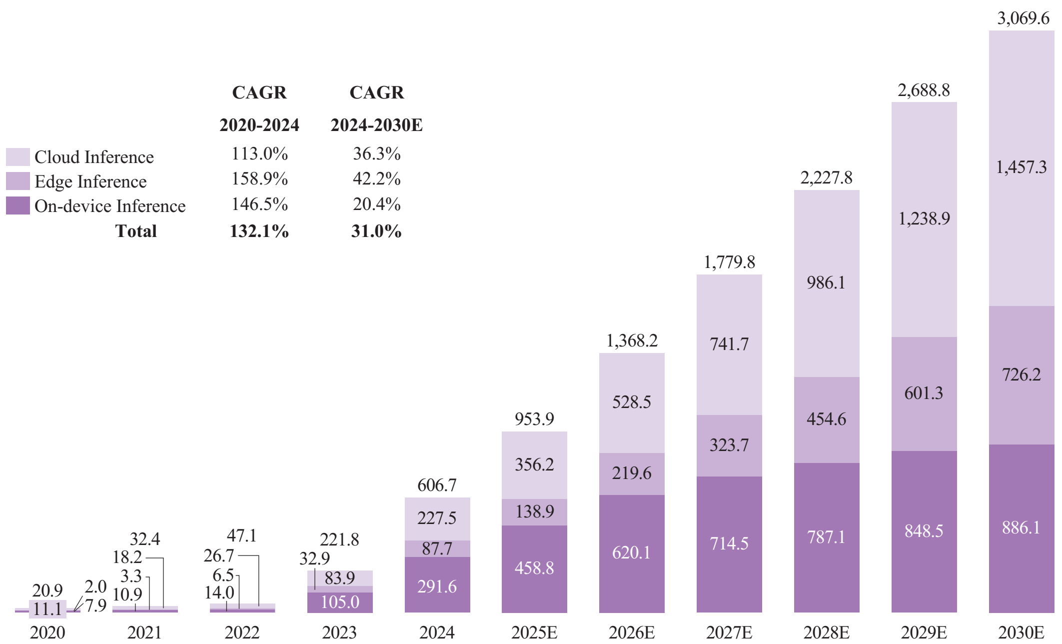
Source: CIC Report, industry publications, news

AI Inference Chip Market Size

In 2024, the total global market size of AI inference chips reached RMB606.7 billion, with cloud inference, edge inference, and on-device inference chips accounting for RMB227.5 billion, RMB87.7 billion and RMB291.6 billion, respectively. In China, the market size of AI inference chips reached RMB160.8 billion in 2024, with cloud, edge, and on-device segments with market size of RMB48.2 billion, RMB32.2 billion, and RMB80.4 billion, respectively. As AI inference tasks move from a cloud-centric approach toward a more distributed model between the cloud, edge, and endpoint devices, the demand for edge and on-device AI inference is surging, which accelerates the adoption of edge and on-device AI chips globally and in China.

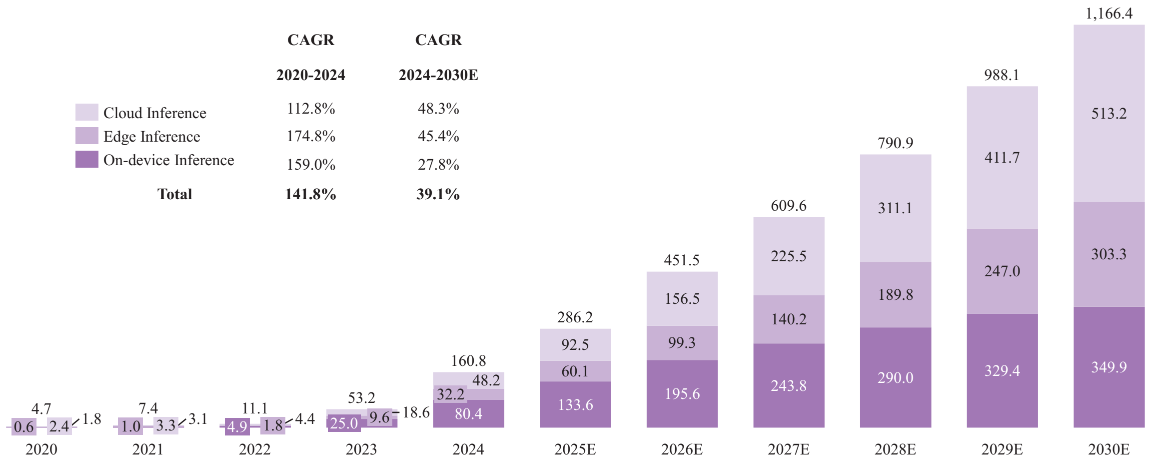
Global AI Inference Chip Market Size by Cloud, Edge, and On-device, 2020-2030E

(RMB Billion)



China's AI Inference Chip Market Size by Cloud, Edge, and On-device, 2020-2030E

(RMB Billion)



Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Key Drivers and Trends in AI Inference Chip Market

AI-enabled smart devices increase: Open-source models like DeepSeek enable low-cost, high-performance on-device AI, powering fluid, multimodal interactions via voice, touch, gestures, and facial expressions on endpoint and edge devices. This growing capability lowers deployment costs and encourages more enterprises to adopt AI applications, driving demand for edge and on-device AI inference chips. According to CIC, the global penetration rate of AI-enabled smart devices grew from under 1% in 2020 to 9.4% in 2024, and is expected to exceed 44% by 2030, fueling greater demand for edge-based and on-device AI inference computing, positioning edge and on-device AI inference chips as critical enabler of this intelligent transformation.

Surging data volumes and low latency demands: In high real-time application scenarios such as industrial control, traffic supervision, smart driving, robot interaction, and safety response, devices require a response speed measured in milliseconds for data processing. Traditional cloud-based architectures, constrained by network bandwidth, communication latency, and computational resource scheduling, struggle to maintain stable immediate response and continuous inference. By deploying AI inference chips at the edge nodes close to the data source, rapid local processing, instant event recognition, and coordinated multi-device response can be achieved, effectively supporting high-frequency, low-error-rate task execution. Edge inference chips have become a crucial infrastructure to meet the requirements of high-real-time computing scenarios, and their deployment is rapidly expanding devices become increasingly intelligent.

Data compliance driving localized processing: As digitalization accelerates, data have evolved from a by-product of technology into a core strategic asset. In response, governments around the world are introducing increasingly stricter data compliance policies. Enterprises now face heightened regulatory pressure when handling sensitive information, particularly in areas such as cross-border data transfer, personal data processing, and automated decision-making. For sectors with high data sensitivity, such as healthcare, finance, and government, localized inference has emerged as a practical solution to balance operational efficiency with regulatory compliance. In this context, edge and on-device AI inference chips have become essential infrastructure for localized intelligent computing. Their advantages in real-time responsiveness, closed-loop data processing, and security make them a key enabler in meeting evolving compliance requirements.

Perception and Computation — Core Capabilities of AI Inference Chips

Edge and on-device AI inference chips derive their value from two interdependent pillars: environmental perception and computational efficiency. These dual capabilities must operate in concert to fulfill the real-time processing demands of modern intelligent systems.

The perception system in AI inference chips captures and processes real-time input data from external environments, converting visual feeds, audio streams, and sensor signals into standardized digital formats. Among these inputs, visual signal dominates as the primary data source, accounting for approximately 80% of environmental perception inputs. At the heart of visual data conditioning lies the image signal processor (ISP). The AI ISP improves image quality by processing raw sensor data through advanced noise reduction, dynamic range optimization, and multi-spectral color calibration. These operations enhances the effective information density of the original signal and provides a guarantee for the subsequent inference accuracy. Furthermore, its localized preprocessing capability eliminates cloud-bound data traffic while reducing system power compared to conventional architectures—significantly boosting real-time responsiveness in edge and on-device perception systems.

However, perceptual data is of limited significance in the absence of concurrent computational capabilities. While modern AI chips must balance teraflop-scale performance with milliwatt-level power budgets, traditional general-purpose processors, such as CPUs and GPUs, prove inadequate. Their inherent energy inefficiency and prolonged inference latency create systemic constraints. In contrast, integrating NPUs into AI inference chips creates an optimized architecture: it accelerates computations, supports real-time on-device inference with reduced memory overhead and cooling requirements, and ultimately extends operational endurance for AI-powered devices.

These technical advancements catalyze real-world adoption across diverse application scenarios. This includes visual-centric devices with cameras, smart vehicles, and edge computing infrastructure, all of which share a common need—the ability to perceive their environment in real-time, coupled with efficient computational capabilities.

OVERVIEW OF ON-DEVICE AI INFERENCE CHIP MARKET

Overview of On-device AI Inference Chips

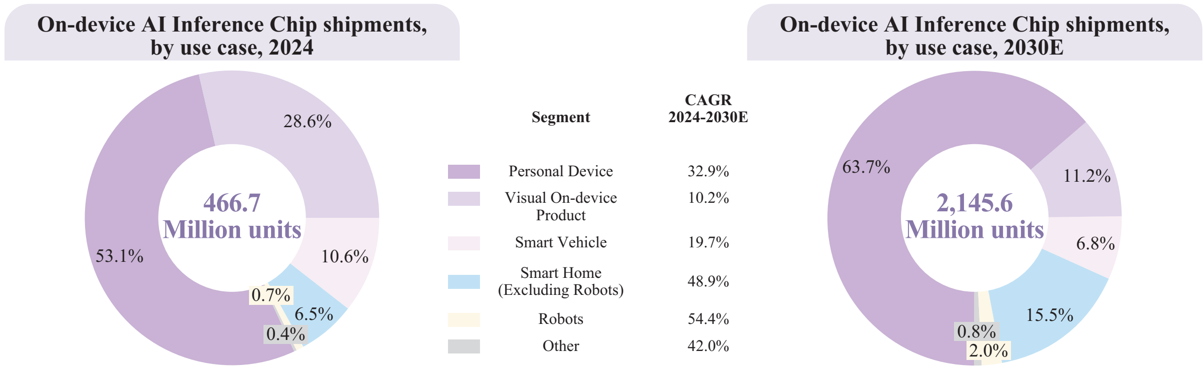
The rapid expansion of smart devices deployment has led to an exponential increase in perception data. This surge has sharply raised the demand for front-end processing and real-time local computation. Traditional cloud-based architectures, limited by latency and computing capacity, are increasingly falling short of current application needs. As a result, AI-powered devices must advance in both high-precision perception and efficient computation.

In this context, on-device AI inference chips have grown more important than ever. By integrating AI models with smart device perception technologies, these chips form a real-time closed-loop system of sensing, computing, and execution. They enable AI-driven analysis and decision-making directly on the device using physical data such as texts, images, videos, and audios, significantly reducing reliance on cloud resources.

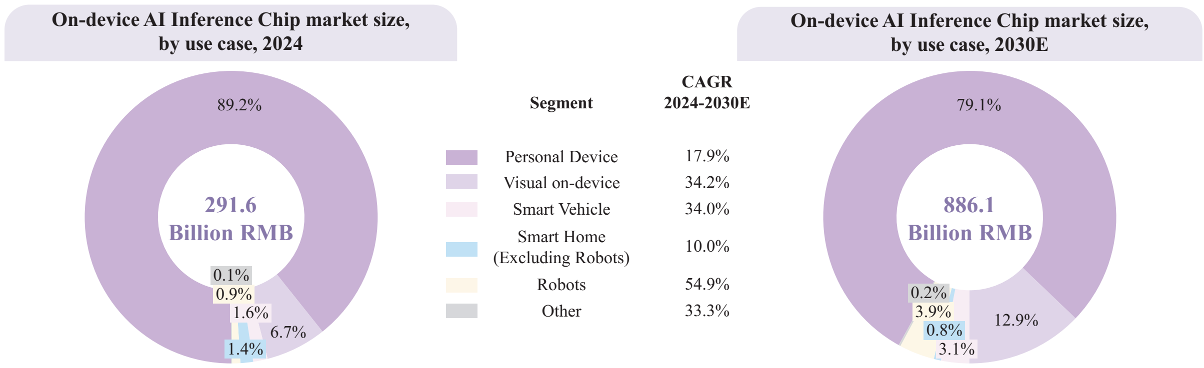
The on-device AI inference chip market is broad, with applications spanning personal devices, smart vehicles, and intelligent systems. From 2024 to 2030, these segments are projected to achieve shipment CAGRs of 54.4%, 48.9%, and 19.7% in the global market, while their counterparts in China are expected to grow at even higher rates of 59.9%, 55.3%, and 22.5%, respectively.

At the same time, compared with other inputs, vision provides richer environmental information, adapts to diverse environments, and can be fused with other inputs, like sound and laser, for more comprehensive perception. Therefore, visual inference chips are a critical type of on-device AI inference chips. In addition to high-efficiency neural network accelerators, they support multi-modal processing, allowing them to handle tasks like image reception, decoding, compression, storage, and intelligent analysis in a unified and efficient manner.

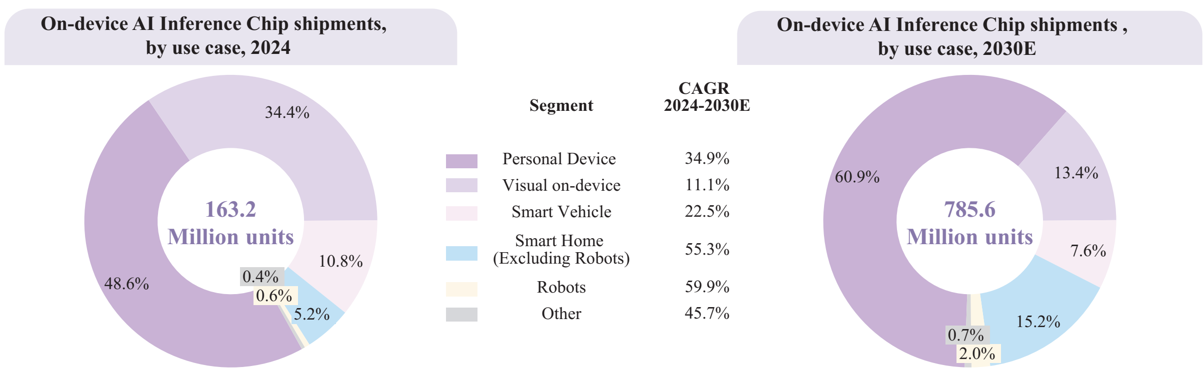
Global On-device AI Inference Chip Shipments by Use Case, 2024-2030E



Global On-device AI Inference Chip Market Size by Use Case, 2024-2030E



China's On-device AI Inference Chip Shipments by Use Case, 2024-2030E (Million)



Notes:

1. Personal device includes consumer electronics such as smartphone, wearable device and XR which refers to head-mounted and wearable devices designed for immersive interactive experiences, encompassing applications in virtual reality (VR) and augmented reality (AR).

2. Visual on-device product includes visual perception devices in different scenarios, such as industrial, urban, household and other.

3. Smart vehicle refers to vehicles equipped with intelligent driving functions.

4. Smart home refers to household applications such as TV, speaker, and air conditioner.

5. Robots include industrial robot, vacuum cleaner, food delivery robots and etc.

6. Other includes industrial testing equipment and intelligent industrial control system.

Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Overview of Visual On-device AI Inference Chips

The primary types of inputs processed by AI inference chips include visual, audio, text, temperature, pressure, light intensity, among others. Among these, visual input is the most common and is widely used in human-computer interaction applications such as video doorbells and smart projectors.

Processing visual input poses greater technical challenges for AI inference chips compared to other data types. Visual data is characterized by its large volume and structural complexity, requiring the chip to deliver high computational performance under strict power and size constraints to enable real-time analysis. Additionally, the chip must support complex algorithms like object detection and image segmentation, which place greater demands on parallel processing capabilities, memory bandwidth, and low-latency operation. Moreover, visual applications often require high levels of security and reliability, as the chip must operate stably in complex environments. These factors collectively contribute to the higher technical barriers associated with visual AI inference chips.

In practical applications, to accommodate different types of input, some end devices are equipped with multiple dedicated AI inference chips, each designed to process specific data modalities. For example, personal smart devices may incorporate separate chips for visual and audio processing, while smart vehicles integrate a combination of chips handling visual, audio, radar, LiDAR, location, biological signals, and other inputs to achieve multimodal perception.

In contrast, visual on-device products differ from these multimodal systems, as they are designed to process only a single type of visual input. This distinct focus allows them to be categorized as a separate market segment.

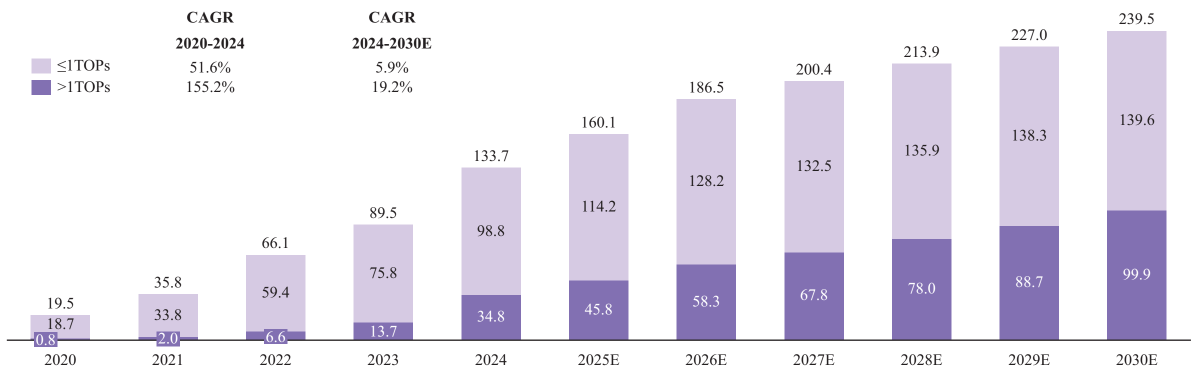
Visual on-device devices commonly include public safety cameras, dash cams, smart locks, machine vision inspection equipments, etc.

Visual on-device AI inference chips are typically categorized by performance into low-end and mid-to-high-end categories. While low-end chips typically feature less than 1 TOPS (Tera Operations Per Second) in computing power, mid-to-high-end chips exceed this threshold. As demand continues to rise for high-resolution, intelligent, and low-latency processing in visual applications, the market is rapidly shifting toward mid-to-high-end chips. These chips are emerging as the fastest-growing product segment.

In 2024, global shipments of mid-to-high-end chips reached 34.8 million units, accounting for approximately 26.0% of the total. By 2030, this number is expected to rise to 99.9 million units, with the share expanding to 41.3%. Correspondingly, the global market size for mid-to-high-end visual on-device AI inference chips is expected to increase from RMB2.4 billion in 2024 to RMB5.0 billion in 2030, representing a CAGR of 13.1%.

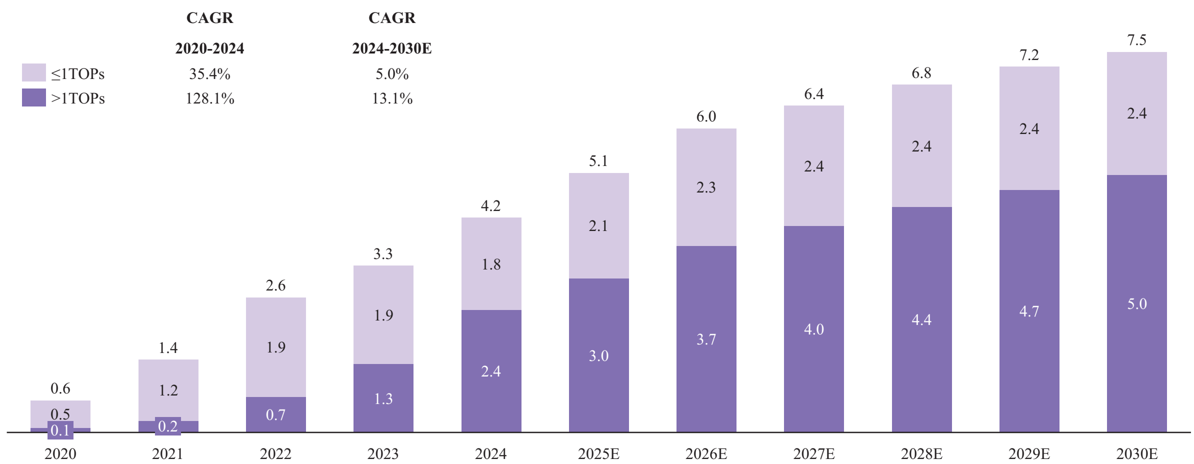
Global Shipments of Visual On-device AI Inference Chips by TOPS, 2020-2030E

(Million Units)



Global Market Size of Visual On-device AI Inference Chips by TOPS, 2020-2030E

(RMB Billion)



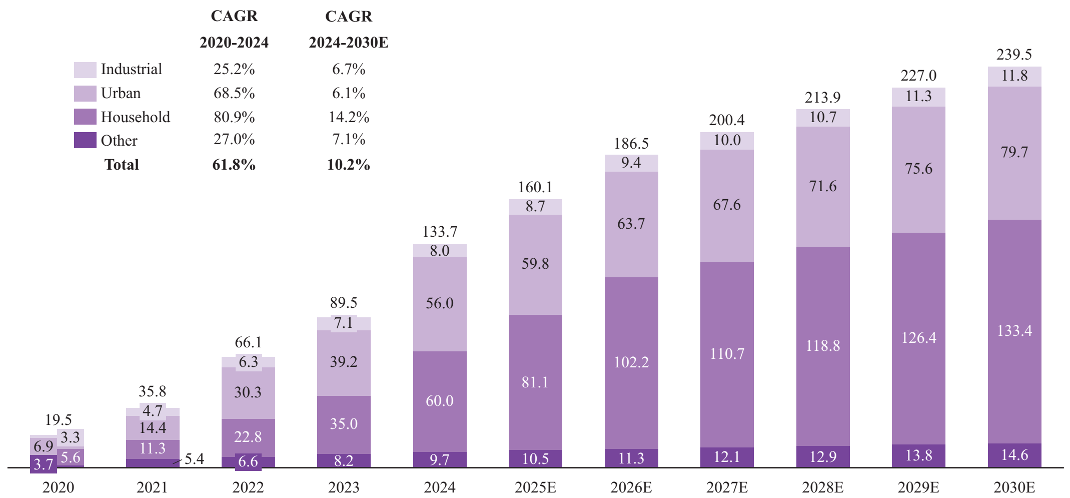
Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Application Scenarios of Visual On-device AI Inference Chips

The global shipment of visual on-device AI inference chips is expected to grow significantly from 133.7 million units in 2024 to 239.5 million units in 2030, representing a CAGR of 10.2%. China's shipment of visual on-device AI inference chip is expected to reach 105.4 million units by 2030. These chips have found widespread adoption across diverse domains, including household, urban, industrial, and other application areas.

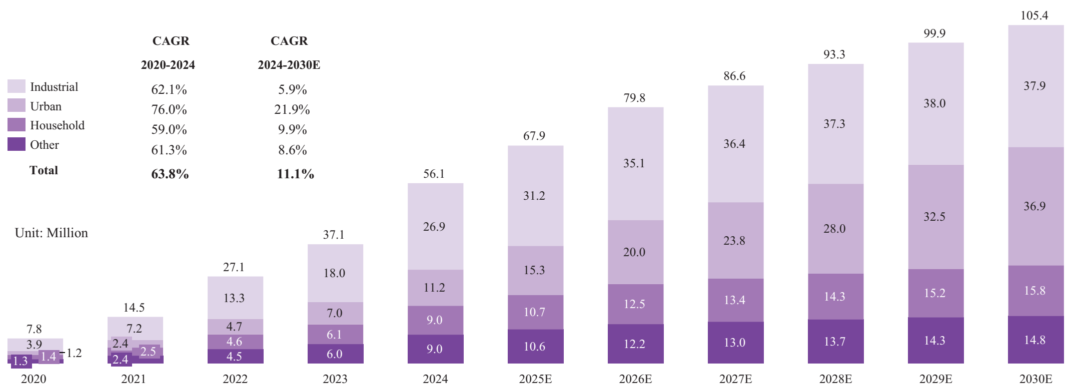
Global Shipments of Visual On-device AI Inference Chips by Application Scenario, 2020-2030E

(Million Units)



China's Shipments of Visual On-device AI Inference Chips by Application Scenario, 2020-2030E

(Million Units)



Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

- ***Industrial Scenarios:*** Visual on-device AI inference chips have become a critical technology for industrial applications such as quality inspection, safety supervision, and warehouse management. Traditionally, industrial detection relied on human observation, an inefficient approach prone to errors. In contrast, visual AI inference chips enable automated quality inspection and predictive maintenance, improving automation and safety in manufacturing. As smart manufacturing continues to evolve rapidly, the demand for visual inference chips in the industrial sector is soaring.

- ***Urban Scenarios:*** Urban scenarios have become a key frontier for deploying visual on-device AI inference chips, with core applications including smart traffic management, intelligent video sensing, environmental detecting, and energy management. These chips are driving the AI transformation of urban infrastructure by addressing critical limitations in conventional systems. For instance, while over 1 billion urban detecting cameras were installed globally by 2022, these traditional systems suffer from low image resolution and poor processing efficiency. The growing demand for high-definition, intelligent detecting solutions has created substantial market opportunities for visual AI inference chips that enable real-time, on-device processing capabilities.

- ***Household Scenarios:*** The deployment of visual on-device AI inference chips in household environments primarily supports applications such as indoor and outdoor security cameras, smart door locks, and remote video detecting systems. These chips enhance device intelligence by enabling functions like smart recognition, behavior analysis, and abnormal activity detection. They also improve image quality, supporting low-light imaging and high-definition video transmission, which collectively elevate both functionality and user experience. The household sector is expected to become the fastest-growing application area for visual on-device AI inference chips.

- ***Other Scenarios:*** Other application areas encompass retail, agriculture, education, and healthcare.

Key Drivers and Trends in Visual On-device AI Inference Chips

Intelligent transformation: Conventional image and video systems depend on manual review of recordings, an inefficient method that often overlooks critical information. This approach no longer meets the real-time, precise, and intelligent requirements of modern household, urban and industrial environments. To enable capabilities such as facial recognition, behavior analysis, and anomaly detection in real time, powerful and energy-efficient AI chips are essential, driving increasing adoption of visual on-device computing chips.

Rising data processing demand: Devices increasingly require high-resolution, multimodal perception, such as 4K cameras, Hi-Fi microphones, and multi-channel sensors. As a result, front-end systems face growing pressure to decode, analyze, and infer data in real time. This is lifting the demand for heterogeneous chip architectures that integrate NPUs, ISPs, and DSPs, which provide the computing backbone for complex AI tasks like image enhancement, semantic understanding, and voice interaction.

Policy support: To meet the rising demand for edge intelligence and self-sufficient on-device computing, governments at both national and local levels have introduced a series of supportive policies. China's Notice on Promoting the Development of the "Internet of Everything" in Mobile Internet of Things encourages innovation and industrialization in chip and module technologies. Other initiatives, including the New Infrastructure Construction Plan and the 14th Five-Year Plan for Intelligent Manufacturing, further strengthen the policy framework that supports large-scale deployment of on-device AI inference chips.

Competitive Landscape of Global Visual On-Device AI Inference Chip Market

We are a leading player in the global visual on-device AI Inference chip market, ranking among the top five players with shipments of 9,124 thousand units and a market share of 6.8% in 2024. Notably, we ranked the first in the mid-to-high-end chip segment, accounting for 24.1% market share. As the market demand is increasingly shifting towards mid-to-high-end chips, we are better positioned to fortify our current leadership in the future.

Company	Mid-to-High-End Shipments (2024, thousand units)	Market Share (%)	Company	Total Shipments (2024, thousand units)	Market Share (%)
Our Company	**8,390**	**24.1%**	Competitor A	41,441	31.0%
Competitor A	7,080	20.4%	Competitor C	26,736	20.0%
Competitor B	5,400	15.5%	Competitor D	16,042	12.0%
Competitor C	4,740	13.6%	Competitor E	12,031	9.0%
Competitor D	4,040	11.6%	**Our Company**	**9,124**	**6.8%**

Notes:

1. Competitor A: A Shenzhen Stock Exchange-listed company founded in 2017 and headquartered in Xiamen, China. The company focuses on smart vision solutions, with product offerings spanning intelligent security, video intercom systems, in-vehicle smart devices, and intelligent transportation SoCs. Its primary sales markets are Hong Kong and Taiwan.

2. Competitor B: A private company founded in 2004 and headquartered in Shenzhen, China. Its main product portfolio includes mobile processors, communication basebands, AI processors, server processors, and network processors. The company's products are sold in more than 100 countries, including the United States, Sweden, Singapore, South Korea, Japan, and across Europe.

3. Competitor C: A Shenzhen Stock Exchange-listed company founded in 2004 and headquartered in Shanghai, China. Its core product portfolio includes image signal processors, AI accelerator SoCs, network camera chips, video codec chips, in-vehicle image processors, and video link chips. The company's sales are primarily concentrated in China, with limited overseas revenue contribution.

4. Competitor D: A Taiwan Stock Exchange-listed company founded in 1997 and headquartered in Taiwan, China. Its main products include flat panel display driver ICs, such as display driver chips and timing controller chips, as well as digital audio-visual and multimedia SoC solutions. The company's sales are primarily concentrated in the Asia-Pacific region, with overseas revenues mainly from Tokyo.

5. Competitor E: A Shenzhen Stock Exchange-listed company founded in 2005 and headquartered in Beijing, China. Its main products include analog and connectivity chips, memory chips, microprocessor chips, and intelligent video chips. The company's sales network covers Europe, the United States, Southeast Asia, Japan, South Korea, and Taiwan, China.

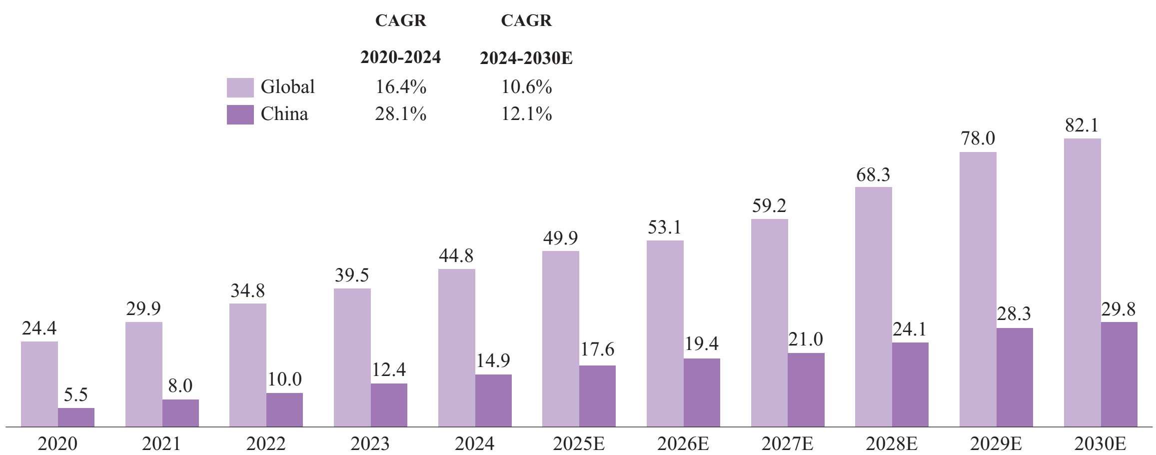
Source: CIC Report

OVERVIEW OF SMART VEHICLE AI CHIP MARKET

Global shipments of smart new vehicles are expected to increase from 44.8 million units in 2024 to 82.1 million units in 2030, while China's shipments of smart vehicles are expected to increase from 14.9 million units to 29.8 million units over the same period.

Global and China's Smart Vehicle Shipments, 2020–2030E

(Million Units)



Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Smart vehicles are empowered by smart vehicle AI chips. Within the market for such chips, smart driving chips constitute the largest segment. While smart driving AI chips primarily target Advanced Driver Assistance Systems ("ADAS") functionality, including tasks such as perception, decision-making, and vehicle control, the overall smart vehicle AI chip market also encompasses other specialized applications such as camera monitoring systems ("CMS"), driver monitoring system ("DMS"), and occupant monitoring system ("OMS") and integrated cockpit-driving solutions.

Overview of Smart Driving

Smart driving refers to the new generation of automobiles that can sense the dynamic state of the vehicle, the external environment, and the status of the driver and passengers in real-time, make autonomous decisions through multi-dimensional data integration, and coordinate the execution of driving instructions and in-cabin services. This process enables low-latency response and localized intelligence critical for real-time decision-making.

According to the SAE classification, smart driving can be divided into six levels, from Level 0 to Level 5. Solutions that achieve Level 1 to Level 2 automation can continuously assume varying degrees of lateral and longitudinal vehicle control in dynamic driving tasks. Solutions that achieve from Level 3 to Level 4 and above levels of automation can continuously perform comprehensive dynamic driving tasks in specific situations.

	Level 0	Level 1	Level 2	Level 3	Level 4	Level 5
Driving & Supervising responsibility	Drivers are responsible for driving and supervising the support feature as needed to maintain safety			Drivers are required to intervene only when requested by system in limited circumstances	Truly driver-less vehicles freeing human drivers from the need to perform driving tasks	
Feature functionality	Limited to warnings and momentary assistance	Provide steering **OR** speed control to the driver	Provide steering **AND** brake/ acceleration support to the driver	Can drive under limited conditions and will not operate unless all required conditions are met		Drive vehicles under all conditions
Example features	Primary features mainly provide warnings	Lane centering **OR** Cruise control	Highway pilot assist Highway NOA Urban NOA	Highway chauffeur	May achieve driving without pedal or steering wheels in certain circumstances	Drive everywhere in all conditions
Applicable Scenarios	N/A	Highways and Urban expressways with light traffic		More complex road settings on highway and in city such as ramp, tunnel, intersection, roundabout, etc.		Applicable in every scenario

Source: CIC Report, SAE

As smart driving technology continues to advance, the smart driving market is poised for rapid growth. In recent years, Level 1 and Level 2 solutions have entered mass production and quickly become standard features in newly released vehicle models. At the same time, intensifying competition among original equipment manufacturers (OEMs) and shifting consumer expectations are accelerating the advent of higher-level technologies. More advanced features such as navigation on autopilot (NOA) are now approaching a tipping point for large-scale commercialization. These advanced systems enable vehicles to operate more like human drivers, requiring minimal manual inputs. By significantly reducing driver workload, they are reshaping the driving experience and driving broader adoption of autonomous technology across the automotive sector.

Smart Driving Chips — Vital to Smart Automotive Value Chain

The smart automotive value chain is composed of three key segments. The upstream includes hardware suppliers responsible for manufacturing, packaging and testing. The midstream covers smart driving chips and supporting software algorithms, which together form complete smart driving solutions. These enable the development and deployment of smart driving functions. The downstream is made up of OEMs, who integrate these technologies into vehicles.

Smart driving chips, alongside software algorithms, serve as the “brain” of smart vehicles, defining their level of intelligence, affecting both the vehicle’s reaction speed and its upper intelligence limit. Their performance directly impacts the ability to process large volumes of sensor data, from cameras, radars and other inputs, and to make timely, accurate driving decisions. This ensures stable and responsive operation across varied driving scenarios.

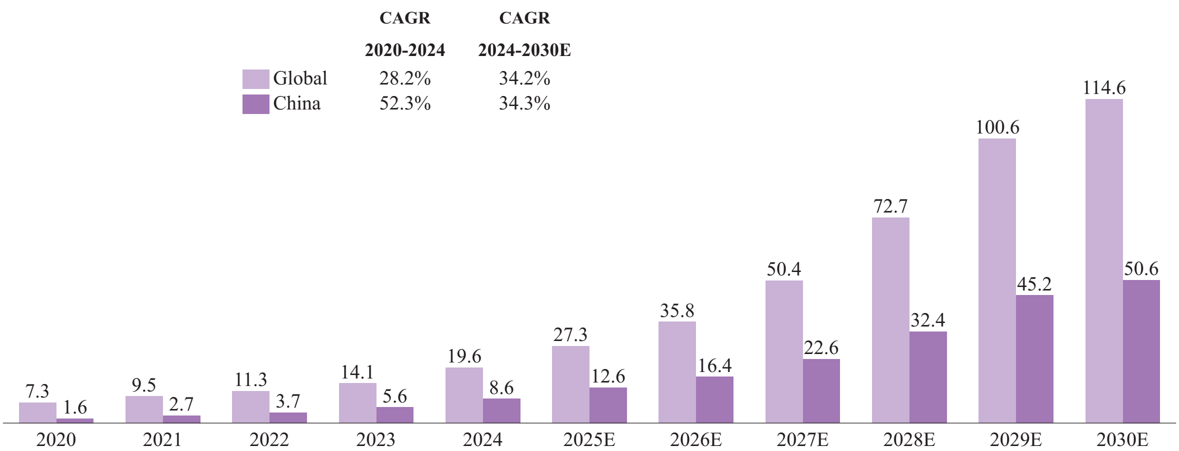
As automotive intelligence advances, vehicles must perform reliably even in complex, long-tail situations. This places higher demands on smart driving chips, whose performance is required to improve continuously. As a result, the strategic importance of these chips within the value chain will continue to grow.

Smart Driving Chip Market Size

The smart driving chip market is poised to grow in tandem with the smart vehicle industry. As the penetration of smart vehicles accelerates, demand for high-performance AI chips—serving as the computing core of smart driving—will also enter a high-growth trajectory. This has been driven by the penetration of L1/L2 functions from mid- to high-end models into mass-market vehicles, the accelerated adoption of core features such as AEB[1], CMS[2], DMS[3], and OMS[4], the continuous optimization of chip architectures and reduction in inference costs, as well as the progressive improvement of regulatory frameworks in major markets—represented by the General Safety Regulation (GSR) and the Intelligent Vehicle Development Roadmap (Draft for Comments). The global and China's market sizes for smart driving chips are expected to grow from RMB19.6 billion and RMB8.6 billion in 2024, respectively, to RMB114.6 billion and RMB50.6 billion by 2030, respectively, representing CAGRs of 34.2% and 34.3% from 2024 to 2030, respectively.

Global and China's Smart Driving Chip Market Size, 2020–2030E

(RMB Billion)



Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Notes:

1. AEB (Automatic Emergency Braking) is a function that leverages camera and radar sensing to continuously monitor the road ahead, providing proactive warnings and automatically applying the brakes when a collision risk is detected.

2. CMS (Camera Monitoring System) is a function that replaces traditional rear-view mirrors with external cameras, providing real-time visual perception around the vehicle to expand the field of view and enhance driving safety.

3. DMS (Driver Monitoring System) is a function that uses in-cabin cameras to continuously monitor the driver's state of fatigue, attention, and related behaviors, to prevent risks and ensure driving safety.

4. OMS (Occupant Monitoring System) is a function that detects the number, position, and behavior of occupants inside the vehicle, enabling intelligent air conditioning, airbag control, and occupant reminder features.

Competitive Landscape of China's Smart Driving Chip Market

Although China's smart vehicle market is progressing rapidly, the domestic smart driving chip sector remains in its early stages, with only a limited number of players having successfully achieved mass production and market delivery. We are the second-largest domestic provider of smart driving chips in China in terms of the number of smart vehicles sold in 2024 with such SoCs installed.

Smart Vehicle AI Chips beyond Smart Driving

Beyond enabling smart driving, AI-powered smart vehicle chips also encompass ones that can be used in other settings, for instance, in CMS, DMS and OMS. CMS builds a visual perception network through cameras, serving as a complement to other sensors, and helps identify traffic details. DMS uses sensors in combination with AI models to continuously assess the driver's status in real time, helping prevent accidents caused by fatigue, distraction, or abnormal behavior. OMS leverages multimodal sensors to secure the real-time status of in-cabin occupants. In multiple regions, regulations are accelerating the mandatory deployment of CMS, DMS and OMS at the point of vehicle production. China, the EU, Japan, and the U.S. have issued standards requiring CMS and occupant monitoring features in specific vehicle categories. With increasing regulatory pressure and safety evaluation integration, CMS, DMS and OMS are expected to become standard features in future vehicles. The global market size of smart vehicle chips used in CMS, DMS and OMS are expected to grow from over RMB1 billion in 2024 to over RMB10 billion in 2030.

OVERVIEW OF EDGE AI INFERENCE CHIP MARKET

With the proliferation of global smart devices now surpassing billions, the immense demand for real-time data processing is catalyzing a revolution in computing architectures. As a distributed open platform, edge computing enables the offloading of data processing and storage capabilities to the network edge, establishing a decentralized computing paradigm characterized by low latency, high energy efficiency, and robust privacy protection.

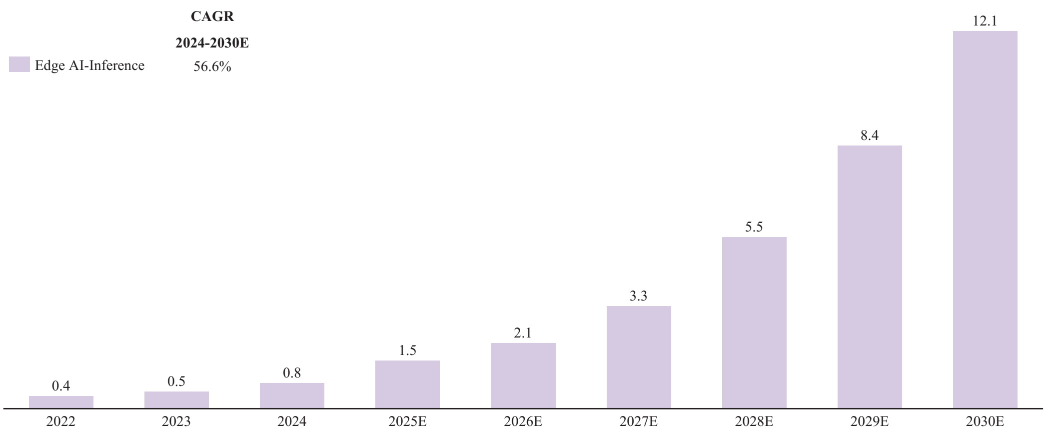
At the core of this shift are edge AI inference chips, which serve as the essential hardware foundation for edge computing. Their form factors are becoming increasingly diverse. Among them, edge computing boxes and integrated machines are seeing rapid adoption due to their plug-and-play convenience, strong energy efficiency, and seamless integration of software and hardware.

These lightweight solutions, powered by low-power chips and optimized through model compression, enable real-time applications such as quality inspection in industrial manufacturing, safety alerts in smart cities, and equipment detecting in energy systems. In smart homes, edge computing boxes can act as intelligent hubs—equipped with multi-protocol communication modules—to connect and control household devices in real time. Meanwhile, edge inference chips are also widely applied in information innovation scenarios, including government and public services, finance, energy and power, telecommunications, education, healthcare, and other sectors, such as internet services, smart manufacturing, and research laboratories.

As these edge AI inference chips are still in the early stages of commercialization, China's shipments were around 0.8 million units in 2024, and are expected to reach 12.1 million units by 2030, representing a CAGR of 56.6% from 2024 to 2030. The market size of edge AI inference chips in China, in terms of revenue, expected to grow from RMB626.6 million in 2024 to RMB5.7 billion by 2030, with a CAGR of 44.4% from 2024 to 2030. The chart below outlines the shipment and market size projections for edge AI inference chips in China.

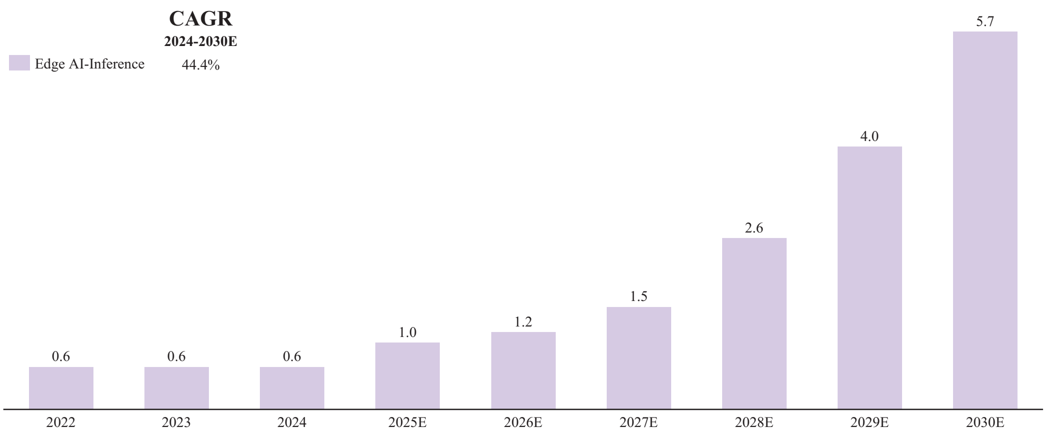
China's Edge AI Inference Chip Shipments, 2022–2030E

(Million Units)



China's Edge AI Inference Chip Revenue, 2022–2030E

(RMB Billion)



Note :

1. Refers specifically to AI chips used in edge computing applications, delivered in the form of AI boxes or integrated machines; excludes general-purpose cloud/edge chips.

Source: CIC Report, interviews with market participants, industry publications, government statistics, listed companies' public filings, news

Competitive Landscape of China's Edge AI Inference Chip Market

China's edge AI inference chip market is still in its early stage. However, growing demands for data security and localized processing are expected to drive rapid expansion. In this emerging landscape, we rank as the third-largest player, with 100 thousand units shipped in 2024, accounting for a 12.2% market share.

Leading Edge AI Chip Providers in China	Shipments (2024, thousand units)	2024 Market Share (%)
Competitor B	400	48.6%
Competitor F	150	18.2%
Our Company	**100**	**12.2%**
Competitor G	80	9.1%
Competitor H	20	1.8%

Notes :

1. The shipments of edge AI inference chips only including AI edge boxes and edge gateways form.

2. Competitor B: A private company founded in 2004 and headquartered in Shenzhen, China. Its main product portfolio includes mobile processors, communication basebands, AI processors, server processors, and network processors. The company's products are sold in more than 100 countries, including the United States, Sweden, Singapore, South Korea, Japan, and across Europe.

3. Competitor F: A private company founded in 2020 and headquartered in Beijing, China. Its main products include the integrated large model machine and micro servers. The company has established R&D centers in the United States and Singapore.

4. Competitor G: A private company founded in 2016 and headquartered in Shenzhen, China. Its main products include dataflow AI chips, deep learning inference accelerator cards, and intelligent computing boxes for edge applications. The company has also established an R&D center in the United Kingdom.

5. Competitor H: A Shanghai Stock Exchange-listed company founded in 2016 and headquartered in Beijing, China. Its product portfolio includes intelligent accelerator cards, edge computing modules, and terminal intelligent processors.

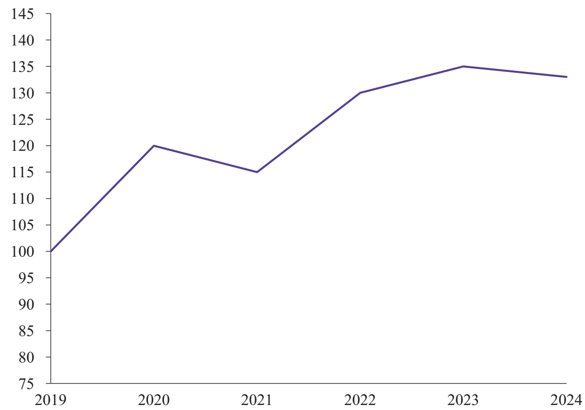
Source: CIC Report

COST ANALYSIS

Our Company's principal cost is wafers, with pricing driven by supply chain conditions and process technology. In 2020, pandemic-related disruptions tightened supply and pushed wafer prices higher. As supply chains recovered and process technology advanced, legacy-node wafer prices declined modestly, and overall pricing has since stabilized.

The chart below illustrates wafer price trends from 2019 to 2024. Prices are indexed to 2019 levels, with 2019 set at 100.

Global Wafer Price Index, 2019–2024



Source: China Insights Consultancy

SOURCE OF THE INDUSTRY INFORMATION

We commissioned CIC to conduct research on, provide an analysis of, and to produce the CIC Report on the AI chip industry globally and in China. CIC is an independent market research and consulting company that provides industry consulting services, commercial due diligence, and strategic consulting services to both institutional investors and corporations.

We have agreed to pay RMB0.5 million to CIC for the preparation of the CIC Report. CIC conducted both primary and secondary research. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from publicly available data sources, such as National Bureau of Statistics of China and public disclosure by relevant industry players, among others.

CIC's market projection of the above-mentioned industries are based on the following assumptions: (i) the overall global social, economic and political environment is expected to maintain a stable trend over the next decade; (ii) related key industry drivers are likely to continue propelling growth in these industries globally and in China during the forecast period; and (iii) there are no extreme force majeure events or industry regulation changes which may dramatically or fundamentally affect the market situation.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of the PRC.

Policies and Regulations Related to Integrated Circuit Industry and Smart Driving Industry

The Integrated Circuit Industry

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

On January 25, 2017, the NDRC issued the *Guiding Catalog of Key Products and Services in Strategic Emerging Industries (2016 Edition)* (《戰略性新興產業重點產品和服務指導目錄(2016版)》), which clarifies eight industries in five major areas, which are further subdivided into 174 sub-directions under 40 key directions and nearly 4,000 subdivided products and services, and integrated circuit chip products, integrated circuit chip design, chip design platform (EDA tools) and integrated circuit materials are listed in the catalog.

On November 19, 2017, the State Council promulgated the *Guiding Opinions of the State Council on Deepening "Internet + Advanced Manufacturing" and Developing Industrial Internet* (《國務院關於深化"互聯網+先進製造業"發展工業互聯網的指導意見》) (the "**Guiding Opinions**"). The Guiding Opinions encourage domestic and foreign enterprises to cooperate in tackling technical problems for weak links such as big data analysis, industrial data modeling, key software systems, and chips; it is recommended to implement relevant preferential tax policies, promote preferential enterprise income tax for software and integrated circuit industries, and encourage relevant enterprises to accelerate the development and application of industrial Internet.

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

On March 11, 2021, the National People's Congress (the "**NPC**") promulgated the *Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC* (《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》) (the "**14th Five-Year Plan and the Long-Range Objectives through the Year 2035**"), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of integrated circuits, aerospace, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment. The 14th Five-Year Plan and the Long-Range Objectives through the Year 2035 focuses on key areas such as high-end chips, operating systems, key algorithms for artificial intelligence, and sensors, and accelerating breakthroughs in research and development and iterative applications of basic theories, basic algorithms, and equipment materials. Furthermore, the 14th Five-Year Plan and the Long-Range Objectives through the Year 2035 also pointed out the need to focus on advantageous resources to address key core technologies in integrated circuits industry, including integrated circuit design tools, key equipment and high-purity targets and other key materials research and development, advanced processes on integrated circuits and insulated gate bipolar transistors (IGBT), micro-electromechanical systems (MEMS) and other characteristics of the process breakthroughs, the upgrading of advanced storage technology, silicon carbide and other wide-bandwidth semiconductor development.

In March 2021, in accordance with the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (《財政部 海關總署 稅務總局 關於支援集成電路產業和軟件產業發展進口稅收政策的通知》) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, import behaviors that conform to the circumstances listed in this regulation are exempted from import duties, which is effective from July 27, 2020 to December 31, 2030.

On December 12, 2021, the State Council promulgated the *"14th Five-Year Plan" for the Development of Digital Economy* (《"十四五"數字經濟發展規劃》), during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated to make up for key technical shortcomings. Optimizing and innovating organizational methods such as "selecting the best candidates via open competition mechanism", focusing on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthening the integrated research and development of general-purpose processors, cloud computing systems, and key software technologies. In addition, the competitiveness of key links in the industrial chain should be improved, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

In March 2024, the Second Session of the 14th NPC approved the *Report on the Implementation of the 2023 Central and Local Budget and on the Draft 2024 Central and Local Budget* (《關於2023年中央和地方預算執行情況與2024中央和地方預算草案的報告》), which points out that the special funds for industrial foundation reconstruction and high-quality development of manufacturing industry will be 10.4 billion yuan to support faster breakthroughs in basic products and core technologies and enhance the resilience and competitiveness of the industry supply chain. In March 2025, the Third Session of the 14th NPC approved the Report on the Implementation of the 2024 Central and Local Budget and on the Draft 2025 Central and Local Budget (《關於2024年中央和地方預算執行情況與2025年中央和地方預算草案的報告》), which points out that the fiscal policies in 2025 mainly focus on, among others, supporting the construction of a modern industrial system, accelerating industrial transformation and upgrading, and vigorously promoting new-type industrialization. The central government will allocate special funds for the manufacturing sector of RMB11.878 billion, representing an increase of 14.5%, to promote high-quality development in key areas of the manufacturing sector, and enhance the resilience and safety of the industrial chain and supply chain.

The Smart Driving Industry

On February 10, 2020, the *Intelligent Vehicle Innovation and Development Strategy* (《智能汽車創新發展戰略》) was promulgated by the NDRC, the Office of the Central Leading Group for Cyberspace Affairs of the Central Committee of the CPC, the Ministry of Science and Technology of the PRC and other eight departments. According to Intelligent Vehicle Innovation and Development Strategy, the PRC government plans to implement initiatives related to smart vehicles in intelligent vehicle technology innovation, industrial ecology, vehicle infrastructure, regulations, and network security.

On July 30, 2021, the Ministry of Industry and Information Technology of the PRC (the "**MIIT**") promulgated the *Opinions on Strengthening the Administration of the Access of Intelligent Connected Vehicle Manufacturers and Products* (《關於加強智能網聯汽車生產企業及產品准入管理的意見》). The foregoing opinions provide that enterprises should strengthen data security management ability and network security guarantee ability, as well as strengthen management ability and ensure product production consistency. Moreover, enterprises should strengthen product management: (a) enterprises should strictly perform the obligation of informing. Where the enterprise produces automobile products with driving assistance and automatic driving functions, it shall clearly inform the vehicle functions and performance limits, driver responsibilities, human-computer interaction equipment indication information, function activation and exit methods and conditions, etc.; (b) enterprises should strengthen the safety management of combined driving assistance products; (c) enterprises should strengthen the safety management of automatic driving function products; (d) enterprises ensure reliable space-time information services.

In November 2023, the MIIT, the Ministry of Public Security of the PRC (the "**MPS**"), the Ministry of Housing and Urban-Rural Development of the PRC, and the Ministry of Transport of the PRC jointly issued the *Notice regarding the Pilot Implementation of Intelligent Connected Vehicle Access* (《關于開展智能網聯汽車准入和上路通行試點工作的通知》). Pursuant to the foregoing notice, through the pilot program, efforts shall be made to guide intelligent connected vehicles manufacturers and users to strengthen their capacity building, and, on the premise of ensuring safety, promote the improvement of the functions and performance of intelligent connected vehicles products and the iterative optimization of the industrial ecology so as to promote the high–quality development of the industry of intelligent connected vehicles.

Regulations on Corporation and Foreign Investment

On December 29, 1993, the Standing Committee of the National People's Congress (the "**SCNPC**") issued *the Company Law of the PRC* (《中華人民共和國公司法》), which was lasted amended on December 29, 2023, and will come into effect on July 1, 2024. The Company Law regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. The revisions mainly focus on refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, modifying the capital system of companies, strengthening the responsibilities of controlling shareholders and the management level, strengthening the social responsibilities of companies and etc..

In March 2019, the *Foreign Investment Law of PRC* (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") was promulgated by the NPC and came into effect on January 1, 2020. The Foreign Investment Law, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition. According to the Foreign Investment Law, foreign investment shall enjoy pre-entry national treatment, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list", and the State Council shall promulgate or approve a list of special administrative measures for access of foreign investments. To ensure the effective implementation of the Foreign Investment Law, 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 Regulations**"), was promulgated by State Council in December 2019 and came into effect on January 1, 2020, which further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

The current industry entry clearance requirements governing investment activities in the PRC conducted by foreign investors are set out in two catalogs, namely *the Special Management Measures for the Entry of Foreign Investment (Negative List) (2024 version)* (《外商投資准入特別管理措施(負面清單)(2024年版)》), which was jointly promulgated by the National Development and Reform Commission (the "**NDRC**") and the Ministry of Commerce (the "**MOFCOM**") on September 6, 2024 and came into effect on November 1, 2024, and *the Encouraged Industry Catalog for Foreign Investment (2022 version)* (《鼓勵外商投資產業目錄(2022年版)》), which was jointly promulgated by the NDRC and the MOFCOM on October 26, 2022 and came into effect on January 1, 2023. These two catalogs further classified businesses into three categories with regard to foreign investment: "encouraged," "restricted" and "prohibited." Industries not listed in these three categories are generally deemed as falling into the fourth category, that is "permitted" for foreign investment unless specifically restricted by other PRC laws and regulations. Pursuant to the Encouraged Industry Catalog for Foreign Investment (2022 version), integrated circuit design involved in our operation fall within the scope of industries encouraging foreign investment.

According to the *Measures for the Security Review of Foreign Investment* (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020, and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office, which is set up in the NDRC and led by the NDRC and MOFCOM, prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

On December 30, 2019, the MOFCOM and the State Administration for Market Regulation (the "SAMR") issued the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which came into effect on January 1, 2020, pursuant to which, since January 1, 2020, for carrying out investment activities directly or indirectly within the territory of China, the foreign investors or foreign-invested enterprises shall submit investment information to the competent commerce administrative authorities through the Enterprise Registration System and the National Enterprise Credit Information Publicity System.

Regulations on Product Quality

In accordance with the *Product Quality Law of the PRC* (《中華人民共和國產品質量法》) promulgated by the SCNPC on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller.

Regulations on Import and Export Trade

According to the *Foreign Trade Law of the PRC* (《中華人民共和國對外貿易法》) ("**Foreign Trade Law**") promulgated by the SCNPC on May 12, 1994 and amended on December 30, 2022 and the *Regulation of the People's Republic of China on the Administration of the Import and Export of Goods* (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on December 10, 2001, last revised on March 10, 2024 and became effective on May 1, 2024, since December 30, 2022, no registration of foreign trade operators is required. The PRC government allows the free import and export of goods and technologies, unless otherwise provided by laws and administrative regulations.

According to the *Customs Law of the PRC* (《中華人民共和國海關法》) ("**Customs Law**"), which was reviewed and passed by the SCNPC on January 22, 1987, last amended on April 29, 2021 and became effective on the same date, the Customs of the PRC is the state's entry and exit customs supervision and administration authority. In accordance with the Customs Law and other relevant laws and administrative regulations, the customs are responsible for the supervision of the transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC and collecting tariff and other duties and charges. All imported goods, throughout the period from arrival in the territory to the customs clearance, all exported goods, throughout the period from declaration to the customs to departure from the territory, and transit, transshipment and through goods, throughout the period from arrival in the territory to departure from the territory shall be subject to the supervision of the customs. Unless otherwise specified, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises.

In addition, pursuant to the *Administrative Provisions of the PRC on the Filing of Customs Declaration Entities* (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs of the PRC ("**General Administration of Customs**") on November 19, 2021 and became effective on January 1, 2022, customs declaration entities refer to the consignees and consignors of import and export goods and customs declaration enterprises recorded with the customs. If the consignees and consignors of import and export goods and customs declaration enterprises apply for recordation, they shall obtain the qualification of market entities; among them, if the consignees and consignors of import and export goods apply for recordation, they shall also obtain the recordation of the foreign trade operators.

In accordance with the *Export Control Law of the People's Republic of China* (《中華人民共和國出口管制法》) ("**Export Control Law**"), promulgated by the SCNPC on October 17, 2020, and which came into effect on December 1, 2020, the export of dual-use items, military goods, nuclear and other goods, technologies, services and other items that are relevant to safeguarding the security and interests of China and fulfilling its international obligations in the area of non-proliferation are under control. In accordance with the provisions of the Export Control Law and relevant laws and administrative regulations, and in accordance with export control policies, export control authorities, in conjunction with the relevant departments and in accordance with prescribed procedures, formulate and adjust the export control lists of controlled items, and make them public in a timely manner. The *Regulations of the People's Republic of China on the Administration of Import and Export of Goods* (《中華人民共和國貨物進出口管理條例》) (the "**Regulations on the Administration of Import and Export of Goods**"), which was promulgated by the State Council on December 10, 2001, last amended on March 10, 2024, and came into effect on May 1, 2024, further clarified that trade activities of importing goods into the customs boundary of the PRC or exporting goods to a place outside the customs boundary of the PRC shall be subject to the Regulations on the Administration of Import and Export of Goods. Goods whose import or export is prohibited shall not be imported or exported; goods whose import or export is restricted shall be subject to a licensing or quota administration; and goods whose import or export is free shall not be subject to restriction.

Regulations on Competition

Anti-Unfair Competition

The *Anti-Unfair Competition Law of the PRC* (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993 and most recent amendment becoming effective on October 15, 2025, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors. According to the Anti-Unfair Competition Law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts to conduct relevant affairs, or exerting their official position or influence on trading units or personnel to secure trading opportunities or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 8 of the Anti-Unfair Competition Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB5,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence.

Anti-Monopoly

On August 30, 2007, the SCNPC adopted the *Anti-Monopoly Law of the PRC* (《中華人民共和國反壟斷法》) ("**Anti-Monopoly Law**"), which became effective on August 1, 2008 and was latest amended on June 24, 2022 and provides the regulatory framework for the PRC anti-monopoly. Under the Anti-Monopoly Law, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition. Pursuant to the Anti-Monopoly Law, a business operator that possesses a dominant market position is prohibited from abusing its dominant market position, including conducting the following acts: (i) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (ii) without justifiable reasons, selling commodities at prices below cost; (iii) without justifiable reasons, refusing to enter into transactions with their trading counterparts; (iv) without justifiable reasons, allowing trading counterparts to make transactions exclusively with itself or with the business operators designated by it; (v) without justifiable reasons, tying commodities or imposing unreasonable trading conditions to transactions; (vi) without justifiable reasons, applying differential prices and other transaction terms among their trading counterparts who are on an equal footing; and (vii) other acts determined as abuse of dominant market position by the relevant governmental authorities. Pursuant to the Anti-Monopoly Law and relevant regulations, when a concentration of undertakings occurs and reaches any of the following thresholds, the undertakings concerned shall file a prior notification with the anti-monopoly agency (i.e., the SAMR), (i) the total global turnover of all operators participating in the transaction exceeded RMB12 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB4 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB800 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly agency clears the anti-monopoly filing. "Concentration of undertakings" means any of the following: (i) merger of undertakings; (ii) Anti-monopoly Commission of the State Council acquisition of control over another undertaking by acquiring equity or assets; or (iii) acquisition of control over, or exercising decisive influence on, another undertaking by contract or by any other means.

Regulations on Internet Information Security

Internet Information Security

In recent years, PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. The *Decisions on Protection of Internet Security enacted by the SCNPC* (《全國人民代表大會常務委員會關于維護互聯網安全的决定》) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On July 1, 2015, the SCNPC issued the *National Security Law of the PRC* (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the *Cybersecurity Law of the PRC* (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**") and become effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the SCNPC promulgated the *Data Security Law of PRC* (《中華人民共和國數據安全法》) (the "**Data Security Law**") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China, and the General Office of the State Council jointly promulgated the *Opinions on Strictly Combatting 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》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and improve the legislation on data security, cross-border data transmission, and confidential information management.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**") and other twelve PRC regulatory authorities jointly revised and promulgated the *Measures for Cybersecurity Review* (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the *Measures for the Security Assessment of Cross-border Data Transfer* (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Cross-border Data Transfer provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where the important data are transferred to an overseas recipient; (ii) where the personal information is transferred to an overseas recipient by an operator of critical information infrastructure or a data processor that has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of

100,000 people or sensitive personal information of 10,000 people in total since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On September 24, 2024, the *Regulations on Network Data Security Management* (《網絡數據安全管理條例》) was issued by the State Council, which took effect on January 1, 2025. According to the Regulations on Network Data Security Management, network data handlers shall, in accordance with the provisions of laws and administrative regulations and the mandatory requirements of national standards, and on the basis of classified protection of cybersecurity, strengthen the protection of network data security, establish and optimize the system of network data security management, take technical measures to protect network data, and prevent illegal and criminal activities aiming at and using network data. The Regulations on Network Data Security Management also provide provisions for data handling activities carried out through networks, including but not limited to the formulating of rules for handling personal information, the general requirements on handling personal information and accepting individual requests regarding personal information. The network data handler shall specify the person in charge of network data security and the management body for network data security, which shall perform the responsibilities of network data security protection. If the security of critical data may be affected due to the merger, demerger, dissolution or bankruptcy of the network data handler, the handler shall take measures to ensure the security of network data, and report to the competent authority.

Regulations on Intellectual Property

Trademark

According to the *Trademark Law of the PRC* (《中華人民共和國商標法》) promulgated by SCNPC on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the *Implementation Regulation of the Trademark Law of the PRC* (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license must be filed with the Trademark Office for publication, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder because of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the *Copyright Law of the PRC* (《中華人民共和國著作權法》) promulgated by the SCNPC, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, original intellectual works in the fields of literature, art and science that can be expressed in a certain form. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation, and other rights shall be enjoyed by the copyright owners.

Pursuant to the *Regulation on Computers Software Protection* (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest 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 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.

Patent

In accordance with the *Patent Law of the PRC* (《中華人民共和國專利法》), promulgated by the SCNPC, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and 10 years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine.

Design of Integrated Circuit Layouts

On April 2, 2001 the State Council promulgated the Regulations on the *Protection of Integrated Circuit Layout Designs* (《集成電路布圖設計保護條例》(the "Regulations on the Protection"). According to the Regulations on the Protection, the owner of an integrated circuit layout design has exclusive rights to the design, so long as they comply with the provisions of the Regulations on the Protection, which protects the proprietary rights of integrated circuit layout designs, encourage innovation in integrated circuit technology, and promotes the development of science and technology. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, calculated from the date of the layout design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under these regulations 15 years after its creation, regardless of registration or commercial use.

Regulations on Employment and Social Welfare

Employment

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

The Labor Contract Law, which became effective on January 1, 2008, amended on December 28, 2012 and implemented on July 1,2013, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

The Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the *Interim Provisions on Labor Dispatch*

(《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the "**Social Insurance Law**") issued by the SCNPC in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the *Provisional Regulations on Collection and Payment of Social Insurance Premiums* (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

On July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》)(the "**New Judicial Interpretation**"), which took effect on September 1, 2025. Article 19(1) thereof stipulates that if an employer and an employee agree or the employee undertakes that social insurance contributions need not be paid, the People's Court shall deem such agreement or undertaking invalid. Furthermore, where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labour contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the People's Court shall support such claims in accordance with the law, which clarifies that employees are entitled to request termination of their labour contracts and receive corresponding economic compensation under the PRC Labor Contract Law if the employer fails to make social insurance contributions in accordance with the law.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

Regulations on Leasing

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the *Administrative Measures on Leasing of Commodity Housing* (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the *Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version)* (《最高人民法院關于審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

Regulations on Foreign Exchange

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Administration Regulations of the PRC* (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the *Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises* (《國家外匯管理局關于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**") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the *Circular on the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account* (《國家外匯管理局關于改革和規範資本項目結匯管理政策的通知》)

(the "**SAFE Circular 16**"), which, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the *Circular on Further Facilitating Cross-border Trade and Investment* (《國家外匯管理局關于進一步促進跨境貿易投資便利化的通知》) (the "**SAFE Circular 28**"), which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the *Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business* (《國家外匯管理局關于優化外匯管理支持涉外業務發展的通知》) (the "**SAFE Circular 8**"), issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements.

Regulations on Taxation

Enterprise Income Tax

According to the *Enterprise Income Tax Law of the PRC* (《中華人民共和國企業所得稅法》) ("**EIT Law**"), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the *Regulation 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》), which was promulgated by the State Council and was latest amended in December 2024, and implemented in January 2025, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the *Provisional Regulations of the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the *Provisional Regulations the PRC on Value-added Tax* (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the *Circular of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates* (《財政部、稅務總局關于調整增值稅稅率的通知》) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform* (《財政部、稅務總局、海關總署關于深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

According to the *Value-Added Tax Law of the People's Republic of China* (《中華人民共和國增值稅法》), which was adopted at the 13th Meeting of the Standing Committee of the 14th National People's Congress on December 25, 2024 and will come into effect on January 1, 2026, all entities and individuals (including privately or individually-owned business) that sell goods, services, intangible assets, immovables, and import goods in the PRC shall be taxpayers of value-added tax and shall pay value-added tax. Unless otherwise provided, the import tax rate for the sales of goods, processing, repair and maintenance services, and leasing services of tangible movables is 13%; the tax rate for the sales of transportation, postal, basic telecommunications, construction, immovables leasing services, sales of immovables, transfer of land use rights, and sales or imports of goods prescribed by law is 9%; the tax rate for the sales of services and intangible assets is 6%.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the Company Law, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Pursuant to the *Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法》), which was promulgated by the SCNPC on September 10, 1980 and last revised on August 31, 2018, and the *Implementation Provisions of the Individual Income Tax Law of the PRC* (《中華人民共和國個人所得稅法實施條例》), which was promulgated by the State Council on January 28, 1994 and last revised on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty. Pursuant to the EIT Law and the Implementation Rules of the EIT Law, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and several countries and regions. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT more than the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Preferential Tax Policy for the IC Industry

As listed in the *Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (2022)* (《軟件企業和集成電路企業稅費優惠政策指引(2022)》) issued by the State Taxation Administration (the "**STA**") in May 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the

State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the *Circular of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No.* 8) (《國務院關於印發<新時期促進集成電路產業和軟件產業高質量發展若干政策>的通知》(國發[2020]8號)) (the "**Circular No. 8**"), enterprises of integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. On March 17, 2023, The NDRC and other departments collectively promulgated the *Circular of Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises to Enjoy Preferential Tax Policy for 2023* (《關於做好2023年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》) , which makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy on the basis of Circular No. 8.

In addition, in accordance with the *Circular on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (Financial Tariff No. 4 [2021])* (《關於支援集成電路產業和軟件產業發展進口稅收政策的通知》(財關稅〔2021〕4號)) issued by the MOFCOM, the General Administration of Customs, and the STA on March 16, 2021, import behaviors that conform to the circumstances listed in this regulation are exempt from import duties. The implementation period is from July 27, 2020, to December 31, 2030.

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (《財政部、稅務總局關于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 Securities and Overseas Listings

Securities Laws and Regulations

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

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the *Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies* (《境內企業境外發行證券和上市管理試行辦法》) (the "**Overseas Listing Trial Measures**") together with five supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the "**Overseas Listing Regulations**"). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Regulations provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders 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 make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law 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 or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Regulations stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the *Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises* (《關于加强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**"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides, offers through their overseas listing entities, or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations on the H-share Full Circulation

"Full circulation" refers to the circulation of domestically unlisted shares of H-share companies on the stock exchange, including domestically unlisted shares held by domestic shareholders prior to overseas listing, additional domestically unlisted shares issued after overseas listing and unlisted shares held by holders of foreign shares, etc. On November 14, 2019, the CSRC issued the *Guidelines for the "Full*

Circulation" Program for 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》) (the "**Guidelines for the Full Circulation**"), which was revised on August 10, 2023. According to the Guidelines for the Full Circulation, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share company may be entrusted to file with the CSRC.

On December 31, 2019, China Securities Depository and Clearing Corporation Limited("**CSDC**") and the Shenzhen Stock Exchange jointly announced the *Measures for Implementation of H-share "Full Circulation" Business* (《H股"全流通"業務實施細則》) (the "**Measures for Implementation**"). The businesses of cross-border transfer registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share "full circulation business", are subject to the Measures for Implementation.

According to the Overseas Listing Regulations, in respect of a domestic company directly listed overseas, shareholders holding its unlisted domestic shares who apply to convert such shares held by them into listed overseas shares and to be listed in an overseas stock exchange, shall comply with the relevant regulations of the CSRC and entrust domestic enterprises to file with the CSRC.

U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued the Final Rule on Outbound Investment ("**Outbound Investment Rule**"), which implements Executive Order 14105, *Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern*. The Final Rule became effective on January 2, 2025.

The Final Rule aims to mitigate national security risks associated with investments in sensitive technologies such as semiconductors, artificial intelligence (AI), quantum computing, and supercomputing in identified "countries of concern".

Currently, "countries of concern" under the Final Rule are limited to the PRC, the Special Administrative Region of Hong Kong (Hong Kong), and the Special Administrative Region of Macau (Macau).

As of January 2, 2025, "U.S. persons" are subject to certain compliance obligations when engaging in certain transactions with "covered foreign persons" from countries of concern (PRC, Hong Kong, and Macau), which may include a prohibition on the transaction or a notification requirement to the U.S. Government within 30 days of completing the transaction.

- The term "***U.S. person***"[1] means any United States citizen, lawful permanent resident, entity organized under the laws of the United States or any jurisdiction within the United States (including any foreign branch of any such entity), or any person in the United States.
- A "***person of a country of concern***"[2] is defined to include individuals and entities with a principal place of business in, who are headquartered in, or organized under the laws of PRC, Hong Kong, and/or Macau, as well as entities majority-owned by individuals from the above jurisdictions.
- "***Covered foreign persons***"[3] are defined to include (1) a "person of a country of concern" that engages in a "covered activity" as well a person that holds ownership or governance over a person identified in (1), if that person derives more than 50% of revenue, net income, capital expenditures, or operating expenses from that entity.

1 *See* 31 C.F.R. § 850.229.
2 *See* 31 C.F.R. §850.221.
3 *See* 31 C.F.R. § 850.209.

- The term "***covered activities***"[4] means, in the context of a particular transaction, any activities covered by the prohibited transactions and notifiable transactions under the Outbound Investment Rule.
- A "***covered transaction***"[5] means a U.S. person's direct or indirect:
  (i) Acquisition of an equity interest or contingent equity interest in a person that the U.S. person knows at the time of the acquisition is a covered foreign person;
  (ii) Provision of a loan or a similar debt financing arrangement to a person that the U.S. person knows at the time of the provision is a covered foreign person, where such debt financing affords or will afford the U.S. person an interest in profits of the covered foreign person, the right to appoint members of the board of directors (or equivalent) of the covered foreign person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan;
  (iii) Conversion of a contingent equity interest into an equity interest in a person that the U.S. person knows at the time of the conversion is a covered foreign person, where the contingent equity interest was acquired by the U.S. person on or after January 2, 2025;
  (iv) Acquisition, leasing, or other development of operations, land, property, or other assets in a country of concern that the U.S. person knows at the time of such acquisition, leasing, or other development will result in, or that the U.S. person plans to result in:
    (i) The establishment of a covered foreign person;
    (ii) The engagement of a person of a country of concern in a covered activity;
    (v) Entrance into a joint venture, wherever located, that is formed with a person of a country of concern, and that the subject U.S. person knows at the time of entrance into the joint venture that the joint venture will engage, or plans to engage, in a covered activity; or
    (vi) Acquisition of a limited partner or equivalent interest in a venture capital fund, private equity fund, fund of funds, or other pooled investment fund (in each case where the fund is not a U.S. person) that a U.S. person knows at the time of the acquisition likely will invest in a person of a country of concern that is in the semiconductors and microelectronics, quantum information technologies, or artificial intelligence sectors, and such fund undertakes a transaction that would be a covered transaction if undertaken by a U.S. person.

While the Company's business activities meet the definition of "covered activities" that could result in a notifiable transaction, the notification obligation rests with the U.S. person, and not the Company or any other parties in relation to the Global Offering. A U.S. person is obligated to conduct a "reasonable and diligent inquiry" in assessing whether it has any compliance obligations in connection with the Outbound Investment Rule. A U.S. person with the obligation to report a notifiable transaction must electronically submit a notification to the Treasury within 30 calendar days following the completion of the transaction, including the information specified in § 850.405 and the certification required by § 850.203. Failure to submit a required notification can result in civil or criminal liability. Civil penalties will not exceed the greater of $368,136 (as adjusted for inflation annually) or twice the amount of the violative transaction. A person who willfully violates the Outbound Investment Rule may face fines of up to $1 million and/or imprisonment of up to 20 years.

As of the Latest Practicable Date, our Company was owned by: (i) Jiaxing Zhixin as to 8.93%; (ii) Jiaxing Aixin as to 7.49%; (iii) Shanghai Bonasi as to 4.74%; (iv) Xinsheng Bicheng No.1 as to 0.62%; (v) Xinsheng Bicheng No.2 as to 0.37%; (vi) Xinsheng Bicheng No.3 as to 0.37%; and (vii) Xinsheng Bicheng No.4 as to 0.25%, respectively. Shanghai Jinling, the general partner of the aforementioned entities, was held by Dr. QIU as to 99.0%. Prior to January 2, 2025, by virtue of her ability to control

[4] *See* 31 C.F.R. § 850.208.

[5] *See* 31 C.F.R. § 850.210.

Shanghai Jinlin, Dr. QIU was already able to exercise the voting power over the Shares held by these entities (namely, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No. 1, Xinsheng Bicheng No.2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No.4). Dr. QIU has not acquired any equity interest, directly or indirectly, in our Company since January 2, 2025 (the effective date of the Outbound Investment Rule) and will not acquire any equity interest of our Company during the Global Offering. As advised by our U.S. Export Control and Sanctions Counsel, there is no express provision within the Outbound Investment Rule specifying that it is to be applied retroactively, and therefore Dr. QIU's continued ownership of pre-existing equity in our Company would not be a "covered transaction" for the purpose of the Outbound Investment Rule. Since Dr. QIU has not acquired any equity interest of our Company, or engaged in any covered transaction, since the effective date of the Outbound Investment Rule (January 2, 2025), Dr. QIU is not currently subject to any notification requirement or prohibition in connection with her pre-existing ownership in our Company.

To the extent Dr. QIU acquires any publicly traded Shares of the Company in the future which would not afford Dr. QIU rights beyond standard minority shareholder protections, such acquisitions are considered excepted transactions under 31 C.F.R. § 850.501(a) and therefore do not require notification. By contrast, if Dr. QIU acquires any non-publicly traded Shares of the Company which are not considered employment compensation, the transaction would likely constitute a covered transaction, requiring submission of an electronic notification to the U.S. Department of the Treasury within 30 calendar days of completion.

The same framework applies to U.S. persons investing in the Company's Shares through the Global Offering. Pursuant to 31 C.F.R. §850.501(a), an excepted transaction includes an investment by a U.S. person in any publicly traded security, defined as "security" that is traded on a securities exchange or through the method of trading commonly referred to as "over-the-counter," in any jurisdiction. Purchases of publicly traded Shares on the Stock Exchange after Listing do not require notification, consistent with 31 C.F.R. § 850.501(a)(1). On December 23, 2025, the Treasury published additional frequently asked questions ("FAQs") on the Outbound Investment Rule. One of these FAQs (X. 4) provides that absent additional facts, when a U.S. person acquires an equity interest in a "covered foreign person", and at the time of such acquisition the equity interest is publicly traded, such security falls under the description of a "publicly traded security" in 31 C.F.R. §850.501(a)(1)(i), regardless of when an agreement to make its investments is entered into. In light of the FAQs' guidance, we are of the view, as advised by our legal advisor and taking into account its view, at the time U.S. persons acquire our H shares (which may be interpreted as the date of acquisition, i.e., the date of Listing) in this Global Offering, such shares would be publicly listed and tradable and a U.S. person's acquisition of our H shares in this Global Offering may constitute an "excepted transaction" assuming the U.S. person would not also be afforded rights beyond "standard minority shareholder protections." Although U.S. persons' passive investments in publicly traded securities may qualify as "excepted transactions" under the Outbound Investment Rule, there remains ambiguity regarding the scope and conditions of this exception. There is no assurance that the Treasury will take the same view as ours. To the extent that this exception is not available, U.S persons that purchase our H Shares in this Global Offering may be required to file notifications with the Treasury. Investors that are U.S. persons should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Outbound Investment Rule in connection with this Global Offering; and there is no reporting obligation imposed on us under the Outbound Investment Rule in connection with this Global Offering.

U.S. EXPORT ADMINISTRATION REGULATIONS

The Export Administration Regulations ("EAR") administered by the U.S. Department of Commerce, Bureau of Industry and Security ("BIS"), control the export, reexport, and transfer (incountry) of "dual-use" items (including commodities, software, and technology). The EAR apply to all items subject to the EAR, which include U.S.-made items and items physically in the United States, as well as certain non-U.S.-made items.

Under the *De Minimis* rule, 15 C.F.R. §734.4, a non-U.S. origin item that incorporates controlled U.S.-origin content exceeding a certain *de minimis* percentage is considered subject to the EAR. The

De Minimis rule applies in the following situations: (1) non-U.S.-made commodity "incorporates" controlled U.S.-origin commodities; (2) non-U.S.-made commodity is "bundled" with controlled U.S.-origin software; (3) non-U.S.-made software "incorporates" controlled U.S.- origin software; or (4) non-U.S.-made technology is commingled with or drawn from controlled U.S.-origin technology.

U.S.-origin controlled content is considered "incorporated" for de minimis purposes if the U.S.- origin controlled item is:

(1) essential to the functioning of the non-U.S. origin item;

(2) customarily included in sales of the non-U.S. origin item; and

(3) reexported with the non-U.S. origin item.

In the context of the *De Minimis* analysis, "controlled content" means the U.S.-origin item would require a license or license exception to export the item to its ultimate destination. For example, EAR99 content would not be part of a *de minimis* calculation unless it is being incorporated into a foreign-made item being exported to certain comprehensively embargoed destinations. Similarly, EAR99 and 3D991 items are not "controlled content" when being exported to China.

As advised by our U.S. Export Control and Sanctions Counsel, the Foreign Direct Product (FDP) rule requires an analysis of whether non-U.S.-made items are the "direct product" of certain U.S.- origin software or technology. In other words, the FDP rule looks at whether U.S.-origin software or technology is used as a tool to develop or manufacture the non-U.S.-made items, and if so, whether such U.S.-origin software or technology is subject to National Security restrictions or other applicable restrictions.

The U.S. asserts jurisdiction over items subject to the EAR located anywhere in the world. Depending on the destination country, end-user, and the export control classification number ("ECCN") of the item, transferring, exporting, or reexporting an item subject to the EAR may require a U.S. export license unless a license exception is available.

We have procured and used certain U.S.-origin items as tools for chipset design and development, including U.S.-origin electronic design automation (EDA) software, classified under ECCNs 3D991 and 5D991, and licensed intellectual property classified under ECCNs 3E991, 3D991, 5D991, or EAR99. Because these items are subject to the EAR, our purchase and use of them must follow EAR requirements.

As advised by our U.S. Export Control and Sanctions Counsel, we can receive and use these items without an export license, as long as we do not take action that violates the EAR, such as:

- Transfer them to any company or person on the Entity List;
- Send them to a restricted country (e.g., Belarus, Cuba, Iran, North Korea, Russia, Syria, and the Crimea, Donetsk, and Luhansk regions of the Ukraine); or
- Use them for a military end use or by a military end user in countries listed in Country Group D:1 (which includes China) under the EAR.

None of the above scenarios apply to us because we only use the items as tools in China for developing and designing our chipsets; we do not transfer or reexport these items to any restricted country or party. As such, the relevant suppliers are not required to obtain an export license from BIS for exporting the above-mentioned items to us.

Pursuant to the *De Minimis* Rule under the EAR, a non-U.S. made commodity (e.g., our chip product) that incorporates controlled U.S.-origin commodities or that are bundled with controlled U.S.-origin software, in quantities exceeding the *de minimis* levels, is subject to the EAR under the *De Minimis* Rule. As advised by our U.S. Export Control and Sanctions Counsel, our products are not subject to the EAR under the *De Minimis* Rule. For further clarity, the EDA software we use is not incorporated into our chipset design or bundled with our chipsets and does not trigger the application of the *De Minimis* Rule. The use of U.S.-origin EDA software should be analyzed under the FDP Rule. The National Security FDP Rule is one of several "foreign direct product" rules under the EAR to determine whether a non-U.S.-made item is subject to the EAR. Under the National Security FDP Rule, a non-U.S.-made item is subject to the EAR if all of the following conditions apply: (1) the non-U.S.-made item is a direct product of U.S.-origin technology or software that is controlled for national security reasons or produced by a plant or major component of a plant that itself is a direct product of specified technology or software; (2) the non-U.S.-made item itself is subject to national security controls; and (3) the non-US origin item is destined to a location within Country Group D:1, Group E:1 or Group E:2. If a non-U.S.-made item is subject to the EAR under the National Security FDP Rule, the export, re-export and transfer of such item must comply with the EAR. For example, a BIS license is typically required if such item will be exported to a party on the Entity List. The U.S.-origin EDA software we use is classified under ECCNs 3D991 and 5D991 and are not subject to National Security controls for China. Therefore, our products designed using such EDA software are not subject to the EAR under the National Security FDP Rule.

Two of our customers during the Track Record Period have been added to the Entity List. Customer 1 was added to the Entity List in October 2019 and was given a "Footnote 4" designation by BIS in October 2022. We have ceased to conduct any business with Customer 1 on October 14, 2022, before the effective date of the "Footnote 4" designation for such customer. As advised by our U.S. Export Control and Sanctions Counsel, since the products we sold to Customer 1 prior to its "Footnote 4" designation are not subject to the EAR, our sales to Customer 1 were not in violation of the EAR. Customer 2 was added to the Entity List in July 2021 and does not have a "Footnote 4" or other special designations. Our last order with Customer 2 was completed in May 2022 and we have not conducted any business with Customer 2 since then. As advised by our U.S. Export Control and Sanctions Counsel, since the products we sold to Customer 2 are not subject to the EAR, our sales to Customer 2 were not in violation of the EAR.

Among our suppliers, certain subsidiaries of a supplier that fabricate chipsets for Zhejiang Xinsheng are on the Entity List, and some of which have been added to the "Footnote 5" designation. Zhejiang Xinsheng's dealings with this supplier and its subsidiaries are limited to providing the chip design GDS files for fabrication of the chipsets. As advised by our U.S. Export Control and Sanctions Counsel, the GDS files would be subject to the U.S. EAR in limited circumstances, such as where they were exported to an Entity List party with a Footnote 1,3, or 4 designation, for supercomputing end uses, or for use in the production or development of an item for a Footnote 1 or Footnote 4 entity. Accordingly, Zhejiang Xinsheng's delivery of the GDS files to this supplier and its subsidiaries (which are not designated with Footnote 1, 3, or 4 and are not receiving the GDS files for supercomputing end uses) does not violate the EAR.

As such, our Directors are of the view that our historical transactions with the above-mentioned two customers and supplier do not have any material adverse impact on our business operations, financial position or future prospects.

On January 15, 2025, BIS issued *The Implementation of Additional Due Diligence Measures for Advanced Computing Integrated Circuits* ("**DD IFR**"). The DD IFR implements new due diligence measures for "front-end fabricator" or "outsourced semiconductor assembly and test" ("**OSAT**") companies and targets "applicable advanced logic integrated circuit" (e.g., ICs produced using 16/14 nanometer nodes or smaller, or non-planar transistor architecture). Specifically, when a "front-end fabricator" or an "OSAT" company is seeking to export, reexport, or transfer (in-country) any "applicable advanced logic integrated circuit," there is a presumption that the item is 3A090.a and designed or marketed for datacenter, and an export license may be required unless the presumption is overcome by one of the ways provided under the DD IFR. One of these ways is that the IC meeting the definition of "applicable advanced logic integrated circuit" is packaged by an approved "OSAT" company that issues an attestation as required by the DD IFR. If an approved OSAT packages the chip and provides the DD IFR attestation, the fabricator/OSAT can typically supply the packaged chip to a fabless company without a license (again, assuming no other applicable restrictions in the EAR). After a fabless company buys the chips, the DD IFR does not automatically create a "new license requirement" just because the fabless company resells. So if a fabless company purchases the product and then resells it, a new export license is not required solely due to DD IFR, unless other export control issues apply (for example: restricted destination, restricted end user, prohibited end use, or another rule that independently requires a license).

Certain IC products designed by us meet the definition of "applicable advanced logic integrated circuit," and would be presumed to be a 3A090.a according to the DD IFR. This means that an export license is required for a "front-end fabricator" or "OSAT" company seeking to export, reexport, or transfer (in-country) such ICs it fabricates or packages to the Company unless one of the ways to overcome such presumption is met as described above. The DD IFR 3A090.a presumption applies only to "applicable advanced logic integrated circuits," which are defined as ICs manufactured using a 16/14 nanometer or smaller node process, or those with a non-planar transistor architecture. This regulation does not affect all of our products. Specifically, the only products impacted are our integrated circuits manufactured using a 12 nanometer node process. Consequently, only these specific products required packaging and certification by an approved "OSAT" company. Our other ICs, which use larger technology nodes and more mature processes, are not subject to this presumption and therefore do not require this certification. During the Track Record Period, revenue generated from our products using 12-nanometer technology amounted to RMB35.7 million, RMB31.2 million, RMB74.0 million and RMB114.4 million for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. We are working with four approved "OSAT" companies to overcome the presumption. This means that no export license is required for such approved "OSAT" companies to supply packaged ICs to us, and no export license is required for us to resell such IC products to downstream customers, absent other facts (such as a prohibited end user or destination).

We have been working with one approved "OSAT" company since 2021. In February 2025, shortly after the DD IFR came into effect, such approved "OSAT" company issued the required attestation that allow the presumption described above to be overcome, so that all of our ICs produced using 12 nanometer nodes are exempted from the DD IFR, and no export license is required for such approved "OSAT" company to export the ICs to us. In addition, we have recently established cooperation with three additional approved "OSAT" companies that allow more flexibility in our Company's supply chain considering the DD IFR. As such, the DD IFR does not impact our production or operation continuity.

The *De Minimis* Rule and Foreign Direct Product (FDP) Rule are the two key rules to determine whether our Company's products are subject to the U.S. EAR. As advised by our U.S. Export Control and Sanctions Counsel, our products are generally not subject to the EAR, and therefore, as advised by our U.S. Export Control and Sanctions Counsel, these rules have minimal impact on our downstream customers.

Only two of our customers during the Track Record Period have been added to the Entity List. As advised by our U.S. Export Control and Sanctions Counsel, our transactions with these customers did not violate the EAR. We have no control over whether and when any of our customers may be designated to the Entity List by the U.S. Government. If any of our customers is designated to the Entity List, we will work with our U.S. Export Control and Sanctions Counsel to assess and ensure that our transactions with such customer will comply with the EAR.

The DD IFR has minimal impact on our Company's downstream customers. As advised by our U.S. Export Control and Sanctions Counsel, no export license is required for the approved "OSAT" companies we work with to supply packaged ICs to our Company, and no export license is required for us to resell such IC products to downstream customers, absent other facts (such as a prohibited end user or destination).

Our U.S. Export Control and Sanctions Counsel is of the view, and our Directors concur that, our above-mentioned business activities comply with the U.S. laws and regulations on export control. Having reviewed the view and analysis of the Company's Export Control and Sanctions Counsel as to U.S. export control laws, the Joint Sponsors are not aware of any reason to cast reasonable doubt on the views of the Directors above.

OVERVIEW

The history of our Group traces back to the establishment of Beijing Axera Technology Co., Ltd. (北京愛芯科技有限公司) ("**Beijing Axera**"), currently being one of our subsidiaries, in May 2019. Dr. QIU, our founder, chairperson of the Board and executive Director, has over 20 years of experience in the semiconductor industry. For details of the biographies of Dr. QIU, see "Directors, Supervisors and Senior Management". Led by Dr. QIU, our Company becomes a provider of AI inference SoCs, delivering cutting-edge perception and computing platforms for edge and endpoint AI applications. We are building an advanced AI computing infrastructure to make artificial intelligence accessible to everyone, creating an empowered future where AI improves lives for all.

MILESTONES

The following table summarizes various key milestones in our corporate and business development.

Year	Milestone
2019	• We commenced our operation in the PRC through Beijing Axera.
2020	• Our self-developed first-generation chip AX630A, a high-performance, low power consumption, and high-efficiency AI vision chip, completed tape-out in May.
2021	• AX630A entered mass production and entered the East China market in May, forming in-depth collaborations with leading companies in smart city.
	• Our second-generation SoC chip AX620A completed tape-out in July.
2022	• Our AI image processing chip AX170A successfully entered the consumer market in March.
	• M55H obtained Automotive Electronics Council Qualification (AEC-Q) in July.
	• Our third-generation AI vision chip AX650N completed tape-out in September.
2023	• M55H SoC achieved vehicle integration and entered mass production in March.
	• Our fourth-generation AI vision chip AX620E completed tape-out in July.
	• AX650N entered mass production in September.
	• M76H SoC has obtained automotive-grade certification, receiving the AEC-Q100 Grade 2 certificate issued by Giga Force in December.
	• We acquired Zhejiang Huatu, enabling our Company to expand the product portfolio, accelerate the R&D efforts through access to skilled talent and complementary expertise, and achieve economies of scale and operational efficiency.
2024	• Multiple vehicle models equipped with our smart vehicle SoCs entered mass production.
	• We achieved significant progress with Tier 1 and automotive OEM customers.
	• Our edge AI inference products successfully commercialized.
	• Our fifth-generation AI vision chip AX520C achieved successful "bring-up" in April.

Year	Milestone
2025	• Our Company has established a dedicated edge computing division.
	• Our next-generation L2 ADAS chip M57 SoC completed tape-out in January and secured six design wins as of the Latest Practicable Date.
	• We have unveiled a comprehensive technology and product roadmap for edge computing, delivering end-to-end support for full-scale commercialization of large AI models across device and edge segments.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had the following subsidiaries which we regarded as our major subsidiaries in terms of contribution to our business and financial performance during the Track Record Period.

Name of company	Place of establishment	Principal business activities	Shareholding controlled by our Company	Date of establishment
Beijing Axera	PRC	Chip R&D and commercialization	100%	May 30, 2019
Shanghai Axera	PRC	Chip R&D and commercialization	100%	November 22, 2019
Zhejiang Xinsheng	PRC	Chip R&D and commercialization	99.04%	April 9, 2020

MAJOR CORPORATE DEVELOPMENT AND SHAREHOLDING CHANGES

Establishment and Development of Beijing Axera and Establishment of our Company

Beijing Axera was established in the PRC as a limited liability company on May 30, 2019 with an initial registered capital of RMB50,000,000, which was held by Wuhu Kuangyun Artificial Intelligence Industry Investment Fund (Limited Partnership) (蕪湖曠沄人工智能產業投資基金（有限合夥）) ("**Wuhu Kuangyun**") as to 90% and ZHANG Xiang (章翔), an Independent Third Party, as to 10%. After series of capital increase and equity transfer, on March 30, 2020, Beijing Axera had a registered capital of RMB100,000,000 which was held by (i) Wuhu Kuangyun, (ii) Suzhou Xinlitai Investment Consulting Co., Ltd. (蘇州信利泰投資諮詢有限公司, currently known as Telijia (Xiamen) Equity Investment Partnership (Limited Partnership) (特利迦（廈門）股權投資合夥企業（有限合夥）) ("**Xiamen Telijia**")) and (iii) Wuhu Aixin Enterprise Management Center (Limited Partnership) (蕪湖愛芯企業管理中心（有限合夥）, currently known as Jiaxing Aixin Enterprise Management Center (Limited Partnership) (嘉興愛芯企業管理中心（有限合夥）) ("**Jiaxing Aixin**")), one of our Employee Incentive Platforms, each as to 45%, 30% and 25%, respectively.

Our Company was established in the PRC as a limited liability company on April 20, 2020 with an initial registered capital of RMB100,000,000 under the name of Shanghai Zhiaixin Semiconductor Technology Co., Ltd. (上海智砹芯半導體科技有限公司), which was held by Wuhu Kuangyun, Xiamen Telijia and Jiaxing Aixin each as to 45%, 30% and 25%, respectively.

After establishment of our Company, each of Wuhu Kuangyun and Xiamen Telijia transferred their entire equity interests in Beijing Axera to our Company as fulfilment of capital contribution by way of equity contribution. Upon completion, Beijing Axera was held by our Company as to 75% and Jiaxing

Aixin as to 25%. On April 23, 2020, Jiaxing Aixin exited from Beijing Axera through capital reduction. Upon completion of the capital reduction, Beijing Axera was wholly owned by our Company.

Series Pre-A Financing in 2020

Pursuant to an equity subscription agreement dated April 24, 2020, Suzhou Qiming Rongying Venture Investment Partnership (Limited Partnership) (蘇州啓明融盈創業投資合夥企業（有限合夥）) (“**Qiming Rongying**”), Suzhou Industrial Park Qiming Rongke Equity Investment Partnership (Limited Partnership) (蘇州工業園區啓明融科股權投資合夥企業（有限合夥）) (“**Qiming Rongke**”) and Suzhou Xingfan Venture Investment Partnership (Limited Partnership) (蘇州星梵創業投資合夥企業（有限合夥）) (“**Suzhou Xingfan**”) subscribed for RMB21,212,121 registered capital of our Company at a total consideration of RMB70,000,000. Upon completion, our registered capital was increased to RMB121,212,121.

Series A-1 Financing, Series A-2 Financing and First Subscription by our Employee Incentive Platform in 2020

Our Company issued (i) an 8% convertible bond with a principal amount of RMB40,000,000 to Tibet Dazi Heju Houde Investment Management Co., Ltd. (西藏達孜和聚厚德投資管理有限公司) on September 16, 2020, which was later assigned to Guangdong Yuntai Equity Investment Center (Limited Partnership) (廣東雲泰股權投資中心（有限合夥）) (“**Guangdong Yuntai**”) on October 28, 2020; and (ii) an 8% convertible bond with a principal amount of RMB15,000,000 to Wuhu Kuangyun on September 20, 2020. The conversion price of the convertible bonds, as set out in the respective convertible bond subscription agreements, shall be determined based on the 90% of the pre-money valuation of the Series A-1 Financing.

Pursuant to an equity subscription agreement dated October 28, 2020, the investors agreed to subscribe for RMB42,573,887 registered capital of our Company at a total consideration of RMB210,000,000 in the following manner: (i) the convertible bonds issued to Guangdong Yuntai and Wuhu Kuangyun were fully converted into RMB5,985,784 and RMB2,244,669 registered capital of our Company, respectively (the “**Series A-1 Financing**”); (ii) Wuhu Kuangyun, Suzhou Xingfan, Guangdong Heju Chongyue Equity Investment Partnership (Limited Partnership) (廣東和聚崇樂股權投資合夥企業（有限合夥）) (“**Heju Chongyue**”), Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啓明融新股權投資合夥企業（有限合夥）) (“**Qiming Rongxin**”), Suzhou Yaotu Jinqu Venture Investment Partnership (Limited Partnership) (蘇州耀途進取創業投資合夥企業（有限合夥）) (“**Suzhou Yaotu**”) and Shanghai Xinju High-Tech Service Co., Ltd. (上海新炬高新技術服務有限公司) (“**Shanghai Xinju**”) subscribed for RMB20,875,421 registered capital of our Company at a total consideration of RMB155,000,000 (the “**Series A-2 First Tranche Financing**”); and (iii) Jiaxing Zhixin Enterprise Management Center (Limited Partnership) (嘉興智芯企業管理中心（有限合夥）) (“**Jiaxing Zhixin**”), our Employee Incentive Platform, subscribed for RMB13,468,013 registered capital of our Company at a consideration of RMB13,468,013.

On November 16, 2020, Boai Wanwu (Shanghai) Venture Capital Management Co., Ltd. (博愛萬物（上海）創業投資管理有限公司) (“**Boai Wanwu**”) and YU Renrong (虞仁榮) entered into an equity subscription agreement with the then existing Shareholders and our Company, pursuant to which, Boai Wanwu and YU Renrong agreed to subscribe for RMB7,272,727 registered capital of our Company at a consideration of RMB54,000,000 (the “**Series A-2 Second Tranche Financing**”, together with the Series A-2 First Tranche Financing, the “**Series A-2 Financing**”). Upon completion of the Series A-2 Financing, our registered capital was increased to RMB171,058,735.

First Subscription and Acquisition by our Employee Incentive Platforms in 2021

On February 25, 2021, Jiaxing Zhixin further subscribed for RMB4,042,067 registered capital of our Company at a consideration of RMB4,042,067. Upon completion, our registered capital was increased to

RMB175,100,802. On the same day, pursuant to an equity transfer agreement, Jiaxing Aixin also acquired RMB26,000,000 registered capital of our Company from our existing Shareholder Xiamen Telijia, at a consideration of RMB26,000,000. The consideration was determined based on negotiation taking into account the cooperative relationship between Xiamen Telijia and the Company and the support of Xiamen Telijia for the Company's long-term business development.

Series A+ Financing, Equity Transfers and Second Subscription by our Employee Incentive Platform in 2021

Our Company issued (i) a 4% convertible bond with a principal amount of RMB50,000,000 to Tianjin Yuzhi Technology Center (Limited Partnership) (天津禦智科技中心（有限合夥）) ("**Tianjin Yuzhi**") on April 9, 2021; and (ii) a 4% convertible bond with a principal amount of RMB20,000,000 to Tianjin Venture Capital Management Co., Ltd. (天津創業投資管理有限公司) ("**Tianjin Tianchuang**") on April 28, 2021. The conversion price of Tianjin Yuzhi convertible bond, as set out in the convertible bond subscription agreement, shall be determined based on the lower of the pre-money valuation of RMB2.5 billion for the Series A+ Financing or the valuation for newly issued shares of the Series A+ Financing. The conversion price of Tianjin Tianchuang convertible bond, as set out in the convertible bond subscription agreement, shall be determined based on the pre-money valuation of RMB2.5 billion for the Series A+ Financing.

Pursuant to an equity subscription and equity transfer agreement dated June 10, 2021, (i) the convertible bond issued to Tianjin Yuzhi were fully converted into RMB3,502,016 registered capital of our Company; (ii) the convertible bond issued to Tianjin Tianchuang were fully converted into RMB1,400,806 registered capital of our Company subscribed by three of Tianjin Tianchuang's investment vehicles, namely, Tianjin Yike Tianchuang Intelligent Manufacturing Industry Venture Investment Partnership (Limited Partnership) (天津宜科天創智能製造產業創業投資合夥企業（有限合夥）) ("**Yike Tianchuang**"), Qingdao Tianchuang Quanxin Venture Investment Partnership (Limited Partnership) (青島天創泉鑫創業投資合夥企業（有限合夥）) ("**Tianchuang Quanxin**") and Tianjin Tianchuang Dingxin Venture Investment Management Partnership (Limited Partnership) (天津天創鼎鑫創業投資管理合夥企業（有限合夥）) ("**Tianchuang Dingxin**"); (iii) Wuhu Kuangyun transferred RMB17,510,081 registered capital of our Company at a total consideration of RMB150,000,000 to four investors, namely (a) Tianjin TEDA Haihe Intelligent Manufacturing Industry Development Fund Partnership (Limited Partnership) (天津泰達海河智能製造產業發展基金合夥企業（有限合夥）), which later assigned to Tianjin Weihao TEDA Haihe Equity Investment Partnership (Limited Partnership) (天津韋豪泰達海河股權投資合夥企業（有限合夥）) ("**Tianjin Weihao**"), (b) Pingtan Fengyuan Huixin Equity Investment Partnership (Limited Partnership) (平潭馮源繪芯股權投資合夥企業（有限合夥）, now known as Jinjiang Fengyuan Huixin Equity Investment Partnership (Limited Partnership) (晉江馮源繪芯股權投資合夥企業（有限合夥）)) ("**Jinjiang Fengyuan**"), (c) Beijing Kuxun Technology Co., Ltd. (北京酷訊科技有限公司) ("**Beijing Kuxun Technology**"), and (d) Shenzhen Longzhu Equity Investment Fund Partnership (Limited Partnership) (深圳龍珠股權投資基金合夥企業（有限合夥）) ("**Shenzhen Longzhu**") (the "**Wuhu Kuangyun Equity Transfer**"); and (iv) Tianjin Weihao, Jinjiang Fengyuan, Beijing Kuxun Technology, Shenzhen Longzhu, Suzhou Jiyuan Haoyue Venture Investment Partnership (Limited Partnership) (蘇州紀源皓月創業投資合夥企業（有限合夥）) ("**Jiyuan Haoyue**"), Suzhou Jiyuan Haoyuan Venture Investment Partnership (Limited Partnership) (蘇州紀源皓元創業投資合夥企業（有限合夥）) ("**Jiyuan Haoyuan**"), Ningbo Yaotu Growth Venture Investment Partnership (Limited Partnership) (寧波耀途成長創業投資合夥企業（有限合夥）) ("**Ningbo Yaotu**") and Guangdong Yunqi Equity Investment Center (Limited Partnership) (廣東雲綺股權投資中心（有限合夥）) ("**Guangdong Yunqi**") subscribed for RMB42,024,191 registered capital of our Company at a total consideration of RMB600,000,000.

Pursuant to the respective subsequent investor joinder agreement dated July 2, 2021 and July 13, 2021, Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇疌泉元禾璞華股權投資合夥企業（有限合夥）) ("**Jiangsu Yuanhe Puhua**") and Hefei Shixi Chanheng Integrated Circuit Venture Investment Fund Partnership (Limited Partnership) (合肥石溪產恒集成電路創業投資基金合夥企業

（有限合夥）) (“**Hefei Shixi**”) each subscribed for RMB2,101,210 and RMB1,400,806 registered capital of our Company at a consideration of RMB30,000,000 and RMB20,000,000, respectively.

Pursuant to an equity subscription agreement dated September 18, 2021, (i) Zhoushan Huayan Chuangxi Equity Investment Partnership (Limited Partnership) (舟山華晏創璽股權投資合夥企業（有限合夥）, now known as Ningbo Huayan Chuangxi Venture Capital Partnership (Limited Partnership) (寧波華晏創璽創業投資合夥企業（有限合夥）)) (“**Ningbo Huayan**”) subscribed for RMB2,451,411 registered capital of our Company at a consideration of RMB35,000,000; and (ii) Tianjin Bonasi Enterprise Management Center (Limited Partnership) (天津博納斯企業管理中心（有限合夥）, now known as Shanghai Bonasi Enterprise Management Center (Limited Partnership) (上海博納斯企業管理中心（有限合夥）)) (“**Shanghai Bonasi**”), the shareholding platform of Dr. QIU, subscribed for RMB24,786,491 registered capital of our Company at a consideration of RMB24,786,491. Upon completion, our registered capital was increased to RMB247,864,911.

On November 2, 2021, Boai Wanwu entered into an equity transfer agreement with Wanwu Phase I (Xiamen) Venture Investment Partnership (Limited Partnership) (萬物一期（廈門）創業投資合夥企業（有限合夥）) (“**Wanwu Xiamen**”), pursuant to which, Boai Wanwu transferred its entire equity interests in our Company which amounted to RMB1,885,522 registered capital of our Company at nil consideration to Wanwu Xiamen, as both Boai Wanwu and Wanwu Xiamen are the investment vehicles of Boyu Capital. Pursuant to an equity transfer agreement dated September 18, 2021, Jiaxing Aixin transferred RMB14,000,000 registered capital of our Company at nil consideration to Jiaxing Zhixin, as both entities are our Employee Incentive Platforms.

On December 13, 2021, Xiamen Telijia entered into an equity transfer agreement with Guangdong Heju Minghong Equity Investment Center (Limited Partnership) (廣東和聚明宏股權投資中心（有限合夥）) (“**Heju Minghong**”), pursuant to which, Xiamen Telijia transferred RMB4,000,000 registered capital of our Company at a consideration of RMB34,265,977 to Heju Minghong (together with the Wuhu Kuangyun Equity Transfer, the “**2021 Equity Transfer**”).

Series A++ Financing in 2021

Pursuant to an equity subscription agreement dated November 24, 2021, Tencent Venture Investment (Guangxi) Co., Ltd. (廣西騰訊創業投資有限公司) (“**Tencent Investment**”), Qiming Rongxin, Suzhou Qihua Phase 10 Venture Investment Partnership (Limited Partnership) (蘇州啓華十期創業投資合夥企業（有限合夥）) (“**Suzhou Qihua**”), Beijing Kuxun Technology, Shenzhen Longzhu, Guangdong Wenquan Equity Investment Center (Limited Partnership) (廣東文泉股權投資中心（有限合夥）) (“**Guangdong Wenquan**”), Beijing Xingfan Venture Investment Partnership (Limited Partnership) (北京星梵創業投資合夥企業（有限合夥）) (“**Beijing Xingfan**”) and Suzhou Yaotu, subscribed for RMB32,222,438 registered capital of our Company at a total consideration of RMB650,000,000.

Pursuant to the respective subsequent investor joinder agreement dated December 16, 2021 and December 17, 2021, Jiyuan Haoyuan, Jiyuan Haoyue and Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership) (義烏韋豪創芯一期股權投資合夥企業（有限合夥）) (“**Yiwu Weihao**”) each subscribed for RMB633,245, RMB853,944 and RMB5,948,758 registered capital of our Company at a consideration of, RMB12,774,000, RMB17,226,000 and RMB120,000,000 respectively. Upon completion, our registered capital was increased to RMB287,523,296.

Third Subscription by our Employee Incentive Platform in 2022

On January 28, 2022, pursuant to a Shareholders’ resolution, Jiaxing Zhixin further subscribed for RMB15,132,805 registered capital of our Company at a consideration of RMB15,132,805. Upon completion, our registered capital was increased to RMB302,656,101.

Series B Financing and 2023 Equity Transfer

Pursuant to an equity subscription and equity transfer agreement dated May 31, 2023, (i) Ningbo Yongxin Weihao Phase III Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪三期半導體產業投資合夥企業（有限合夥）) ("**Weihao Phase III**") and Ningbo Zhenhai Weiyuan Zhenxin Phase I Semiconductor Industry Investment Partnership (Limited Partnership) (寧波市鎮海威遠鎮芯一期半導體產業投資合夥企業（有限合夥）) ("**Ningbo Zhenhai**") each subscribed for RMB14,896,355 and RMB7,850,143 registered capital of our Company at a consideration of RMB315,000,000 and RMB166,000,000, respectively; (ii) Jiaxing Aixin, Jiaxing Zhixin and Shanghai Bonasi, transferred RMB834,420, RMB3,538,159 and RMB93,700 registered capital of our Company to Weihao Phase III at a consideration of RMB15,880,261, RMB67,336,471 and RMB1,783,268, respectively ("**Weihao Equity Transfer**"); and (iii) Shanghai Bonasi transferred RMB1,786,513 registered capital of our Company to Ningbo Zhenhai at a consideration of RMB34,000,000 ("**Zhenhai Equity Transfer**").

Pursuant to the respective subsequent investor joinder agreement dated November 27, 2023, (i) Heju Chongyue transferred RMB1,560,752 registered capital of our Company to Guangdong Wenjia Equity Investment Partnership (Limited Partnership) (廣東文嘉股權投資合夥企業（有限合夥）) ("**Guangdong Wenjia**") at a consideration of RMB18,000,000 ("**Wenjia Equity Transfer**"); (ii) Yike Tianchuang, Tianchuang Quanxin and Tianchuang Dingxin transferred their entire equity interests in our Company which amounted to RMB1,400,806 registered capital of our Company to Beijing Anrong Enterprise Management Development Center (Limited Partnership) (北京安榕企業管理發展中心（有限合夥）) ("**Beijing Anrong**") at the total consideration of RMB26,659,439 ("**Anrong Equity Transfer**", together with Weihao Equity Transfer, Zhenhai Equity Transfer and Wenjia Equity Transfer, the "**2023 Equity Transfer**"). Upon completion, our registered capital was increased to RMB325,402,599.

In May and October 2023, the selling shareholders of Zhejiang Huatu invested in our Company through a combination of cash and share swap. For details, see "—Major Acquisitions, Disposals and Mergers" in this section below. Upon completion, our registered capital was increased to RMB330,770,985.

Conversion into a Joint Stock Company in 2024

On March 1, 2024, the then existing Shareholders of our Company entered into a promoters' agreement, approving, among others, the conversion of our Company from a limited liability company into a joint stock company. On March 7, 2024, our Company convened the first general meeting, and passed resolutions approving the conversion into a joint stock company. On March 8, 2024, we obtained a new business license and were converted into a joint stock company with limited liabilities with 330,770,985 Shares in a nominal value of RMB1.00 each, with our Company name changed to "Axera Semiconductor Co., Ltd. (愛芯元智半導體股份有限公司)." For details of our promoters for the purpose of the stock conversion, see "Statutory and General Information — E. Other Information — 8. Promoters" in Appendix IV.

Series C Financing in 2024

On April 19, 2024, our Company issued an 8% convertible bond with a principal amount of RMB100,000,000 to Weihao Phase III. On August 28, 2024, our Company further issued (i) an 8% convertible bond with a principal amount of RMB50,000,000 to Ningbo Zhenhai; and (ii) an 8% convertible bond with a principal amount of RMB50,000,000 to Weihao Phase III. Later on December 19, 2024, our Company issued an 8% convertible bond with a principal amount of RMB100,000,000 to Chongqing Liangjiang New Area High-Quality Development Industry Private Equity Investment Fund Partnership (Limited Partnership) (重慶兩江新區高質量發展產業私募股權投資基金合夥企業（有限合夥）) ("**Chongqing Liangjiang Investment**"). The conversion price of the convertible bonds, as set out in the convertible bond subscription agreement, shall be determined based on the pre-money valuation of RMB7,587 million for the Series C Financing.

Pursuant to a share subscription agreement dated December 27, 2024, the investors agreed to subscribe for 63,581,933 Shares of our Company at a total consideration of RMB1,336,418,067 in the following manner: (i) the convertible bonds issued to Ningbo Zhenhai, Weihao Phase III and Chongqing Liangjiang Investment were fully converted into 2,270,783 Shares, 6,812,350 Shares and 4,541,567 Shares of our Company, respectively; and (ii) Ningbo Zhenhai, Weihao Phase III, Ningbo Tongshang Venture Investment Partnership (Limited Partnership) (寧波通商創業投資合夥企業（有限合夥）) ("**Tongshang Venture Investment**"), Chongqing Liangjiang Investment, Chongqing Industrial Investment FoF Partnership (Limited Partnership) (重慶產業投資母基金合夥企業（有限合夥）) ("**Chongqing Industrial Investment Parent Fund**"), Suzhou Yuanhe Puhua Zhixin Equity Investment Partnership (Limited Partnership) (蘇州元禾璞華智芯股權投資合夥企業（有限合夥）) ("**Suzhou Yuanhe Puhua**") subscribed for 49,957,233 Shares of our Company at a total consideration of RMB1,100,000,000.

Pursuant to a shareholders' resolution dated March 21, 2025 and the subsequent investor joinder agreement dated March 25, 2025, Weihao Phase III withdrew its subscription of 9,083,133 Shares of our Company, and instead, Ningbo Yongxin Weihao Phase IV Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪四期半導體產業投資合夥企業（有限合夥）) ("**Weihao Phase IV**") subscribed for 9,083,133 Shares of our Company at a consideration of RMB200,000,000, due to a change in investment vehicle based on the investor's internal arrangement.

Pursuant to the share transfer agreements dated May 28, 2025, Hangzhou Gancheng Equity Investment Partnership (Limited Partnership) (杭州淦成股權投資合夥企業（有限合夥）) ("**Hangzhou Gancheng**") transferred 4,117,683 Shares and 5,249,033 Shares, respectively, to its limited partners Yiwu Weihao Yunxuan Phase I Private Equity Investment Fund Partnership (Limited Partnership) (義烏韋豪鋆軒一期私募股權投資基金合夥企業（有限合夥）) ("**Weihao Yunxuan**") and Weihao Phase III, at the consideration of RMB90,666,570.08 and RMB115,577,581.99, respectively, which was paid by means of capital reduction of Hangzhou Gancheng based on the investor's then internal arrangement.

Our PRC Legal Advisors have confirmed that, all the equity interest transfers and capital increases as described in this section were properly and legally completed and the Company has obtained and completed all necessary filings and registrations from the relevant PRC authorities

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Overview

In May and October 2023, with an aim to acquire the business of Zhejiang Xinsheng Electronic Technology Co., Ltd. (浙江芯昇電子技術有限公司) ("**Zhejiang Xinsheng**"), our Company entered into a number of separate share purchase agreements (the "**Huatu Equity Transfer Agreements**") with certain then existing shareholders of Zhejiang Huatu Weixin Technology Co., Ltd. (浙江華圖微芯技術有限公司) ("**Zhejiang Huatu**", together with its subsidiaries, "**Huatu**"), the holding company of Zhejiang Xinsheng with 100% equity interest in Zhejiang Xinsheng (the "**Acquisition**").

Pursuant to the Huatu Equity Transfer Agreements, our Company acquired and the selling shareholders of Zhejiang Huatu transferred to our Company approximately 48.44% of Zhejiang Huatu's equity interest (the "**First Share Swap**"). In accordance with the Huatu Equity Transfer Agreements, the consideration for the Acquisition will be fulfilled through a combination of cash and new shares of our Company to be issued, disbursed in batches, among which, the acquisition of 15.99% equity interests in Zhejiang Huatu was completed by the end of June 2023 and the acquisition of 26.94% equity interests in Zhejiang Huatu was completed on October 31, 2023. The consideration was determined with reference to the valuation of Zhejiang Huatu conducted by an independent third party valuer, and the valuation of our Company immediately before the date of entering relevant Huatu Equity Transfer Agreements. In addition, in September 2023, the Company entered into a deed of acting in concert on 7.21% voting right of Zhejiang Huatu with the then employee incentive platforms of Zhejiang Huatu. These employee incentive platforms agreed to act in concert with the Company in accordance with the Company's instruction for all interests held by them. Accordingly, the Company obtained the 7.21% voting right through the deed of acting in concert. Therefore, on October 31, 2023, the Company has obtained an aggregate of 50.14% of voting rights at the shareholders' meetings of Zhejiang Huatu, our Company obtained control over Zhejiang Huatu, which became a subsidiary of our Company on the same day. The remaining 5.51% equity interests in Zhejiang Huatu was settled in May 2025. For details, see note 31 to the Accountants' Report as set out in Appendix I to this prospectus. The First Share Swap was settled in two tranches, with the first tranche settled in April 2024, and the second tranche settled on May 28, 2025.

Pursuant to a Shareholders' resolution dated May 28, 2025, our Company has further acquired and the selling shareholders of Zhejiang Huatu further transferred to our Company approximately 50.58% of Zhejiang Huatu's equity interest (the "**Second Share Swap**"). The consideration was determined with reference to the valuation of Zhejiang Huatu, the pre-agreed transaction terms in the First Share Swap and the valuation of our Company immediately before the Second Share Swap. The Second Share Swap was fully completed on May 28, 2025. Upon completion of the Second Share Swap, Zhejiang Huatu was owned by our Company as to approximately 99.04%.

First Share Swap

Set forth below are the transaction details of the First Share Swap.

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the First Share Swap	Equity interests in our Company immediately following the First Share Swap
		Cash	Equity		
	%	*RMB*			%
Zhoushan Zhixin Equity Investment Partnership (Limited Partnership) (舟山知芯股權投資合夥企業（有限合夥）) ("**Zhoushan Zhixin**")	1.11	—	Equivalent of RMB29,194,515.63	RMB1,380,609 registered capital	0.38
	2.74	68,558,485.44	—	—	—
Zhoushan Weixin Equity Investment Partnership (Limited Partnership) (舟山巍芯股權投資合夥企業（有限合夥）) ("**Zhoushan Weixin**")	1.31	—	Equivalent of RMB34,192,590.14	RMB1,616,968 registered capital	0.45
	2.32	58,152,830.19	—	—	—
Jinjiang Fengyuan (which assigned to Ningbo Fengyuan No. 1 Equity Investment Partnership (Limited Partnership) (寧波馮源一號股權投資合夥企業（有限合夥）) ("**Ningbo Fengyuan**"))	1.14	—	Equivalent of RMB29,918,516.37	RMB1,414,847 registered capital	0.39
	1.11	27,755,652.52	—	—	—

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the First Share Swap	Equity interests in our Company immediately following the First Share Swap
		Cash	Equity		
	%	RMB			%
Hangzhou Dayu Venture Capital Partnership (Limited Partnership) (杭州大宇創業投資合夥企業（有限合夥）) ("**Hangzhou Dayu**")	0.54	—	Equivalent of RMB14,169,320.91	RMB670,067 registered capital	0.19
	2.16	54,064,903.85	—	—	—
Shenzhen Qianhai Zhiyu Investment Partnership (Limited Partnership) (深圳前海知宇投資合夥企業（有限合夥）) ("**Qianhai Zhiyu**")	0.23	—	Equivalent of RMB6,045,576.92	RMB285,895 registered capital	0.08
	0.92	23,067,692.31	—	—	—
Ningbo Hualing Venture Investment Partnership (Limited Partnership) (寧波華綾創業投資合夥企業（有限合夥）) ("**Ningbo Hualing**")	4.86	121,521,733.49	—	—	—
LAI Yunshui (來雲水)	0.20	5,097,022.87	—	—	—
Hangzhou Yunsheng Equity Investment Partnership (Limited Partnership) (杭州鋆昇股權投資合夥企業（有限合夥）) ("**Hangzhou Yunsheng**")	1.59	39,650,932.17	—	—	—
	1.63	—	Equivalent of RMB42,740,737.68	2,021,210 Shares	0.56
Hangzhou Yunhua Equity Investment Partnership (Limited Partnership) (杭州鋆華股權投資合夥企業（有限合夥）) ("**Hangzhou Yunhua**")	0.48	11,895,279.65	—	—	—
	0.49	—	Equivalent of RMB12,822,221.30	606,363 Shares	0.17

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the First Share Swap	Equity interests in our Company immediately following the First Share Swap
		Cash	Equity		
	%	RMB			%
Yuyao Yangming Zhixing Investment Center (Limited Partnership) (余姚市陽明智行投資中心（有限合夥）) (“**Yangming Zhixing**”)	0.63	15,860,372.87	—	—	—
	0.65	—	Equivalent of RMB17,096,295.07	808,484 Shares	0.23
CHEN Heyu (陳和宇)	0.79	19,825,466.08	—	—	—
	0.82	—	Equivalent of RMB21,370,368.84	1,010,605 Shares	0.28
Suzhou Juyuan Zhuxin Venture Investment Partnership (Limited Partnership) (蘇州聚源鑄芯創業投資合夥企業（有限合夥）) (“**Suzhou Juyuan Zhuxin**”)	0.48	11,895,279.65	—	—	—
	0.49	—	Equivalent of RMB12,822,221.30	606,363 Shares	0.17
Qingdao Minxin Entrepreneurship Investment Center (Limited Partnership) (青島民芯創業投資中心（有限合夥）) (“**Qingdao Minxin**”)	0.48	11,895,279.65	—	—	—
	0.49	—	Equivalent of RMB12,822,221.30	606,363 Shares	0.17
Jiangsu Yuanhe Puhua	0.32	7,930,186.43	—	—	—
	0.33	—	Equivalent of RMB8,548,147.54	404,242 Shares	0.11
Hangzhou Caitong Hengxin Venture Investment Partnership (Limited Partnership) (杭州財通恒芯創業投資合夥企業（有限合夥）) (“**Hangzhou Caitong Hengxin**”)	0.32	7,930,186.43	—	—	—
	0.33	—	Equivalent of RMB8,548,147.54	404,242 Shares	0.11

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the First Share Swap	Equity interests in our Company immediately following the First Share Swap
		Cash	Equity		
	%	*RMB*			*%*
YU Jiangyong (於江勇)	0.79	19,825,466.08	—	—	—
	0.90	—	Equivalent of RMB23,615,534.86	1,116,779 Shares	0.31
SHI Yan (史琰)	1.31	32,737,634.88	—	—	—
Hangzhou Gancheng	12.10	—	Equivalent of RMB316,886,114.47	14,985,549 Shares	4.18
Shaoxing Gansheng Equity Investment Partnership (Limited Partnership) (紹興淦盛股權投資合夥企業（有限合夥）) (“**Shaoxing Gansheng**”)	3.96	—	Equivalent of RMB103,651,923.24	4,901,701 Shares	1.37
Shanghai Ganzhong Management Consulting Partnership (Limited Partnership) (上海淦眾管理諮詢合夥企業（有限合夥）) (“**Shanghai Ganzhong**”)	0.44	—	Equivalent of RMB11,437,453.60	540,877 Shares	0.15
Total	**48.44**	**537,664,404.56**	**Equivalent of RMB705,881,906.71**	**RMB5,368,386 registered capital and 28,012,778 Shares**	**9.30**

Second Share Swap

Set forth below are the transaction details of the Second Share Swap.

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the second Share Swap	Equity interests in our Company immediately following the second Share Swap
		Cash	Equity		
	%	*RMB*			%
Zhoushan Weixin	1.93	—	Equivalent of RMB52,647,891	2,391,269 Shares	0.50
Zhoushan Zhixin	1.65	—	Equivalent of RMB45,009,855	2,041,721 Shares	0.42
Jiangsu Yuanhe Puhua	0.56	—	Equivalent of RMB15,276,072	691,657 Shares	0.14
Ningbo Fengyuan	1.95	—	Equivalent of RMB53,193,465	2,420,801 Shares	0.50
Hangzhou Gancheng	9.43	—	Equivalent of RMB257,238,141	11,679,231 Shares	2.42
	0.71	17,800,000	—	—	—
Shaoxing Gansheng	3.71	—	Equivalent of RMB101,203,977	4,594,963 Shares	0.95
	1.05	26,200,000	—	—	—
Shanghai Ganzhong	0.52	—	Equivalent of RMB14,184,924	650,354 Shares	0.13
Hangzhou Yunsheng	2.79	—	Equivalent of RMB76,107,573	3,458,287 Shares	0.72
Hangzhou Yunhua	0.84	—	Equivalent of RMB22,914,108	1,037,486 Shares	0.21
Yangming Zhixing	1.12	—	Equivalent of RMB30,552,144	1,383,315 Shares	0.29
CHEN Heyu	1.40	—	Equivalent of RMB38,190,180	1,729,143 Shares	0.36
Suzhou Juyuan Zhuxin	0.84	—	Equivalent of RMB22,914,108	1,037,486 Shares	0.21

Name of the selling shareholders of Zhejiang Huatu	Equity interests in Zhejiang Huatu transferred to our Company	Consideration paid by our Company in		Corresponding amount of registered capital / number of Shares of our Company subscribed for in the second Share Swap	Equity interests in our Company immediately following the second Share Swap
		Cash	Equity		
	%	RMB			%
Qingdao Minxin	0.84	—	Equivalent of RMB22,914,108	1,037,486 Shares	0.21
Hangzhou Caitong Hengxin	0.56	—	Equivalent of RMB15,276,072	691,657 Shares	0.14
Ningbo Hualing	14.44	—	Equivalent of RMB393,904,428	17,891,729 Shares	3.71
Xinsheng Bicheng No.1	2.40	—	Equivalent of RMB65,468,880	2,978,077 Shares	0.62
Xinsheng Bicheng No.2	1.44	—	Equivalent of RMB39,281,328	1,786,846 Shares	0.37
Xinsheng Bicheng No.3	1.44	—	Equivalent of RMB39,281,328	1,786,846 Shares	0.37
Xinsheng Bicheng No.4	0.96	—	Equivalent of RMB26,187,552	1,191,231 Shares	0.25
Total	**50.58**	**RMB44,000,000**	**Equivalent of RMB1,331,746,134**	**60,479,585 Shares**	**12.53**

Information about Huatu

Huatu is primarily engaged in the design, development and sales of semiconductor products to address the vast and thriving demand in mass-market on-device applications, particularly vision SoCs and mixed-signal ICs. As such, Huatu's products complement the product portfolio of our Company, representing a natural expansion that caters to overlapping customer demand.

Reasons and Benefits of the Acquisition

Mergers and acquisitions are common in the semiconductor industry due to the strategic advantages they deliver in a rapidly evolving and highly competitive market environment. The Acquisition underscores our Company's commitment to expanding our market presence and leveraging synergies for sustained growth, drawing from the valuable experiences of major semiconductor companies worldwide over the past decades. As further illustrated below, the Acquisition has enabled our Company to expand the product portfolio, accelerate the R&D efforts through access to skilled talent and complementary expertise, and achieve economies of scale and operational efficiency.

Product and Service Offerings

The Acquisition enriches and diversifies our Company's product portfolio. Huatu's products complement our Group's product portfolio, representing a natural expansion that caters to overlapping customer demand. The Acquisition also provides a faster route to market as our Company saves time and resources compared to developing the acquired products and technologies from scratch. Given the cyclical nature of the semiconductor industry, the diversification of our Company's product offerings also plays a pivotal role in mitigating the risks associated with market fluctuations. By venturing into different product lines, our Company strengthens the resilience and stability of its financial performance.

Customer Base and Supply Chain

As Huatu offers products and services that align with the needs and preferences of many of our Group's existing customers, and vice versa, the Acquisition creates cross-selling opportunities that enhance customer satisfaction and revenue for our Group as a whole. Furthermore, the expanded business scale resulting from the Acquisition strengthens our Group's market position and amplifies its bargaining power throughout the industry value chain, particularly with upstream suppliers such as third-party foundries who typically possess substantial pricing influence that disproportionately affects smaller downstream players. As a result, our Group is better positioned to secure ample production capacity from suppliers and effectively manage its manufacturing costs, which further enables it to uphold a competitive pricing strategy.

Key Technologies and IP Portfolio

After the Acquisition, Huatu can leverage our Group's self-developed technologies in ISP and NPU to empower the development of SoCs and mixed-signal ICs and enhance the overall competitiveness of its product and service offerings. Meanwhile, by incorporating Huatu's technologies into the product R&D process, our Company is not only able to foster ongoing innovation but also reduce costs, as it may now utilize Huatu's IPs as substitutes for those previously sourced from third parties. This results in greater efficiency and control over the R&D and product design processes.

Our PRC Legal Advisors have confirmed that the Acquisition has been properly and legally completed and settled, and all requested regulatory approvals have been obtained in all material respects. We have completed applicable tax filing and SAMR registrations with the competent authorities on August 14, 2025.

According to Rule 4.05A of the Listing Rules, the Acquisition would have been classified at the date of application for our Listing, as a major transaction under Chapter 14 of the Listing Rules. For the pre-acquisition financial information of Huatu, see note 35 to the Accountants' Report as set out in Appendix I to this prospectus.

Save as disclosed above, during the Track Record Period, we did not conduct any other acquisitions, disposals or mergers that we consider to be material to us.

PRE-IPO INVESTMENTS

The following table summarizes the key terms of our Pre-IPO Investments:

	Series Pre-A Financing	Series A Financing	Series A+ Financing	2021 Equity Transfer	Series A++ Financing	Series B Financing	2023 Equity Transfer	Series C Financing
Date of agreement	April 24, 2020	September 16, 2020; September 20, 2020; October 28, 2020; and November 16, 2020	April 9, 2021; April 28, 2021; June 10, 2021; July 2, 2021; July 13, 2021; and September 18, 2021	June 10, 2021; and December 13, 2021	November 24, 2021; December 16, 2021; and December 17, 2021	May 31, 2023	May 31, 2023; and November 27, 2023	April 19, 2024; August 28, 2024; December 27, 2024; March 25, 2025; and May 28, 2025

	Series Pre-A Financing	Series A Financing	Series A+ Financing	2021 Equity Transfer	Series A++ Financing	Series B Financing	2023 Equity Transfer	Series C Financing
Subscription method	Equity subscription	Conversion of convertible bonds and equity subscription	Conversion of convertible bonds and equity subscription	Equity transfer	Equity subscription	Equity subscription	Equity transfer	Conversion of convertible bonds and share subscription
Date of full settlement of consideration	April 27, 2020	December 11, 2020	September 28, 2021	June 9, 2022	February 7, 2022	June 26, 2023	November 30, 2023	May 26, 2025
Approximate cost per Share(1)	RMB3.30	RMB7.425(2)	RMB14.28	RMB8.57(3)	RMB20.17	RMB21.15	RMB 11.53 and RMB19.03(4)	RMB22.02
Amount of registered capital or Shares subscribed for / acquired	RMB 21,212,121 registered capital	RMB 36,378,601 registered capital	RMB 52,880,440 registered capital	RMB 21,510,081 registered capital	RMB 39,658,385 registered capital	RMB 5,368,386 registered capital	RMB 9,214,350 registered capital	72,665,066 Shares
Amount of consideration paid	RMB 70,000,000	RMB 264,000,000	RMB 755,000,000	RMB 184,265,977	RMB 800,000,000	RMB 399,839,999.99	RMB 163,659,439	RMB 1,336,418,067
Discount to the Offer Price(5)	86.95%	70.64%	43.53%	66.11%	20.24%	16.37%	54.40% and 24.75%	12.93%
Post-money valuation of our Company(6)	RMB 400,000,000(7)	RMB 1,270,111,107(8)	RMB 3,538,889,911(9)	N/A	RMB 6,105,263,141(10)	RMB 7,586,881,862(11)	N/A	RMB 10,631,689,929(12)

Basis of determination of the consideration	The considerations for each round of the Pre-IPO Investments were determined based on arm's length negotiation among the respective Pre-IPO Investors and our Group or the then existing Shareholders with reference to, among others, the timing of the investments/equity transfers, the original acquisition cost per Share (if applicable), the operation of our business, the financial performance of our Group, and the prospects of our business.
Lock-up period	Pursuant to the applicable PRC laws, within the 12 months following the Listing, all existing Shareholders (including the Pre-IPO Investors) of our Company could not dispose of any of the Shares held by them.
Strategic benefits to our Company	We are of the view that our Company can benefit from the investments by the Pre-IPO Investors as their investments demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance and strengths. Our Company is also of the view that certain Pre-IPO Investors have good presence in our industry which can provide us with professional insights and advice on our Group's development and can help us achieve business synergies through enhanced business cooperation.
Use of proceeds	We utilized the proceeds from the Pre-IPO Investments for the growth and expansion of our Company's business, the support of our R&D and commercialization, and as our general working capital. As of the Latest Practicable Date, approximately 80% of the net proceeds from the Pre-IPO Investments has been utilized for the aforementioned purposes. We expect to utilize the remaining proceeds from the Pre-IPO Investments for the same purposes.

Notes:

(1) The average cost per Share paid by the Pre-IPO Investors was calculated based on the amount of investment made by the relevant Pre-IPO Investors and number of Shares subscribed or acquired by them in the relevant round of financing, as adjusted when applicable to reflect the conversion into a joint stock company of our Company.

(2) The average cost per Share of Series A Financing was calculated without taking into account the impact of the discount of share conversion price stipulated in the convertible bond

(3) The cost per Share of 2021 Equity Transfer was lower than that of the Series A+ Financing, which was determined based on arm's length negotiations between the relevant parties and the underlying Shares were ordinary Shares without any preferential right subscribed by the transferor in a previous round of Pre-IPO Investments with a relatively lower cost;

(4) The cost per Share of 2023 Equity Transfer was lower than that of the Series B Financing, which was primarily due to (i) Wenjia Equity Transfer was conducted between Heju Chongyue and Guangdong Wenjia, both of which are controlled by Heyi Fund acting as their general partner; and (ii) other 2023 Equity Transfer was determined based on arm's length negotiations between the relevant parties and (i) the underlying Shares were acquired or subscribed by the transferors in previous rounds of Pre-IPO Investments with relatively lower costs; and (ii) the preferential rights attached to the underlying Shares were subordinate to those of the Series B Financing.

(5) The discount to the Offer Price is calculated based on the Offer Price is HK$28.20 per Offer Share.

(6) The post-money valuation is calculated on the basis of (a) cost per Share; and (b) the total number of Shares of our Company upon completion of the relevant round of the Pre-IPO Investment, as adjusted when applicable to reflect the conversion into a joint stock company of our Company.

(7) The valuation of our Company at the time of Series Pre-A Financing was primarily determined based on arm's length negotiations between the relevant parties with reference to the Company's evolving business operations, enhanced team competencies, and refined chip development strategy.

(8) The increase in the valuation of our Company from Series Pre-A Financing to Series A Financing was primarily due to our self-developed first-generation chip AX630A, a high-performance, low power consumption, and high-efficiency AI vision chip, completed tape-out in May 2020.

(9) The increase in the valuation of our Company from Series A Financing to Series A+ Financing was primarily due to (i) our self-developed first-generation chip AX630A entered mass production and entered the East China market in May 2021, forming in-depth collaborations with leading companies in smart city; and (ii) our second-generation SoC chip AX620A completed tape-out in July 2021.

(10) The increase in the valuation of our Company from Series A+ Financing to Series A++ Financing was primarily due to our successful commercialization of the visual on-device AI inference SoCs, achieving an important milestone which demonstrated our end-to-end capabilities in R&D, supply chain management, and commercialization.

(11) The increase in the valuation of our Company from Series A++ Financing to Series B Financing was primarily due to (a) the robust business developments in our AI vision chips including: (i) our AI image processing chip AX170A successfully entered the consumer market in March 2022; (ii) M55H obtained Automotive Electronics Council Qualification (AEC-Q) in July 2022; (iii) our third-generation AI vision chip AX650N completed tape-out in September 2022; (iv) M55H SoC achieved vehicle integration and entered mass production in March 2023; (v) our fourth-generation AI vision chip AX620E completed tape-out in July 2023; (vi) AX650N entered mass production in September 2023; and (vii) M76H SoC has obtained automotive-grade certification, receiving the AEC-Q100 Grade 2 certificate issued by Giga Force in December 2023; and (b) we acquired Zhejiang Huatu, enabling our Company to expand the product portfolio, accelerate the R&D efforts through access to skilled talent and complementary expertise, and achieve economies of scale and operational efficiency, which represents our strengthened positioning in smart driving technologies and more robust industry footprint, generated strong investors' confidence in our business trajectory.

(12) The post-money valuation of our Company after the Series C Financing takes into account the full valuation of Zhejiang Xinsheng upon completion of the Acquisition, as Zhejiang Xinsheng had already become a consolidated subsidiary of the Company prior to the Series C Financing. The increase in the valuation of our Company from Series B Financing to Series C Financing was primarily due to our sustained high-growth business performance, including the mass production of AX620E in May 2024 and we launched the inclusive AI IPC chip AX520 in 2024 as well as more design wins we obtained, with our Company establishing market leading positions in both the on-device and smart vehicle industry.

Special rights of the Pre-IPO Investors

The Pre-IPO Investors have been granted certain special rights, including but not limited to, redemption and divestment rights, anti-dilution rights, right of first refusal and tag-along rights, co-sale rights, information and inspection rights and liquidation preferences. Pursuant to the special rights termination agreement dated June 23, 2025, entered into, among others, our Company and the Pre-IPO Investors, the redemption and divestment rights were terminated with effect from the day immediately preceding the date on which our Company first submitted the listing application to the Stock Exchange and all other special rights of the Pre-IPO Investors shall be terminated upon the Listing, provided that all such special rights shall automatically be reinstated upon the earliest occurrence of any of the followings: (a) our Company withdraws its listing application; (b) the listing application is rejected by the CSRC or the relevant stock exchange (including but not limited to the Stock Exchange); or (c) the qualified IPO does not occur by December 31, 2027.

Information Relating to Our Major Pre-IPO Investors

Set out below are details of our major Pre-IPO Investors who held more than 1.0% of the total issued Shares of our Company as of the Latest Practicable Date.

To the best of our Company's knowledge, information and belief and having made all reasonable enquiries, save as otherwise disclosed below, all other Pre-IPO Investors are Independent Third Parties.

Inno-Chip

Shanghai Inno-Chip Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司) ("**Inno-Chip**") is a limited liability company established in the PRC on July 31, 2020. Inno-Chip was held (i) as to 48.15% by Shanghai Yinjun Management Consulting Partnership (Limited Partnership) (上海隱鋆管理諮詢合夥企業（有限合夥）) ("**Shanghai Yinjun**"), the general partner of which is ZHOU Siyuan (周思遠), our non-executive Director, who also serves as the general partner of the sole limited partner of Shanghai Yinjun; and (ii) as to 43.33% by Shanghai Ganzhong. Inno-Chip invested in our Company through Tianjin Weihao, Shanghai Ganzhong, Weihao Phase III, Weihao Phase IV, Yiwu Weihao and Weihao Yunxuan.

Tianjin Weihao and Shanghai Ganzhong

Tianjin Weihao is a limited partnership established in the PRC on July 23, 2021, the general partner of which is Inno-Chip. Tianjin Weihao has three limited partners, all being Independent Third Parties. Tianjin TEDA Haihe Intelligent Manufacturing Industry Development Fund Partnership (Limited Partnership) (天津泰達海河智能製造產業發展基金合夥企業（有限合夥）), being the largest limited partner of Tianjin Weihao, holds 75% partnership interests therein, which is ultimately controlled by Tianjin Economic-Technological Development Area State-owned Assets Supervision and Administration Commission (天津經濟技術開發區國有資產監督管理局). None of the remaining limited partners of Tianjin Weihao holds more than 30% partnership interests therein.

Shanghai Ganzhong is a limited partnership established in the PRC on June 17, 2020. The general partner of Shanghai Ganzhong is also ZHOU Siyuan (周思遠), our non-executive Director, and the sole limited partner of Shanghai Ganzhong is CHEN Xiaohua (陳曉華), an Independent Third Party.

Weihao Phase III and Weihao Phase IV

Weihao Phase III and Weihao Phase IV are both limited partnerships established in the PRC on June 23, 2022 and January 2, 2025, respectively. The general partner of both Weihao Phase III and Weihao Phase IV is Ningbo Weihao Tongshang Management Consulting Partnership (Limited Partnership) (寧波韋豪通商管理諮詢合夥企業（有限合夥）) whose general partner is Inno-Chip. Weihao Phase III has nine limited partners and

Weihao Phase IV has eight limited partners, all being Independent Third Parties. Ningbo Yongxin Fund Partnership (Limited Partnership) (寧波市甬欣基金合夥企業（有限合夥）), being the largest limited partner of both Weihao Phase III and Weihao Phase IV, holds 35% partnership interests in Weihao Phase III and approximately 41.12% partnership interests in Weihao Phase IV, which is ultimately controlled by Ningbo State-owned Assets Supervision and Administration Commission (寧波市人民政府國有資產監督管理委員會). None of the remaining limited partners of Weihao Phase III and Weihao Phase IV holds more than 30% partnership interests therein.

Yiwu Weihao

Yiwu Weihao is a limited partnership established in the PRC on November 23, 2020, the general partner which is Inno-Chip. Yiwu Weihao has 14 limited partners, all being Independent Third Parties. Yiwu Financial Holding Co., Ltd. (義烏市金融控股有限公司), being the largest limited partner of Yiwu Weihao, holds approximately 41.67% partnership interests therein, which is ultimately controlled by Yiwu State-owned Assets Supervision and Administration Office (義烏市人民政府國有資產監督管理辦公室). None of the remaining limited partners of Yiwu Weihao holds more than 30% partnership interests therein.

Weihao Yunxuan

Weihao Yunxuan is a limited partnership established in the PRC on September 7, 2021, the general partner of which is Inno-Chip. Weihao Yunxuan has 11 limited partners, all being Independent Third Parties. Zhejiang Yiwu High-Tech Industrial Zone Development and Construction Co., Ltd. (浙江義烏高新區開發建設有限公司), being the largest limited partner of Weihao Yunxuan, holds 60.0% partnership interests therein, which is wholly owned by Yiwu Industrial Investment and Development Group Co., Ltd. (義烏市產業投資發展集團有限公司), and in turn controlled by Yiwu Economic & Technological Development Zone Administrative Committee (義烏經濟技術開發區管理委員會) and State-owned Assets Supervision and Administration Office of Yiwu Municipal People's Government (義烏市人民政府國有資產監督管理辦公室). None of the remaining limited partners of Weihao Yunxuan holds more than 30% partnership interests therein.

Wuhu Kuangyun

Wuhu Kuangyun is a limited partnership established in the PRC on September 26, 2018. The general partner of Wuhu Kuangyun is Wuhu Kuangyun Investment Management Center (Limited Partnership) (蕪湖曠沄投資管理中心（有限合夥）) ("**Kuangyun Management**") whose general partner is Zhuhai Yunxiao Enterprise Management Co., Ltd. (珠海沄曉企業管理有限公司), which is wholly owned by Shanghai Rongyun Enterprise Management Co., Ltd. (上海榕沄企業管理有限公司) ("**Shanghai Rongyun**") which is owned by WANG Chen (王晨) as to 60%, our non-executive Director, and YANG Jingyu (楊婧譽) as to 40%, an Independent Third Party. Wuhu Kuangyun has nine limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Qiming Venture Partners

Qiming Rongxin

Qiming Rongxin is a limited partnership established in the PRC on March 23, 2020. The general partner of Qiming Rongxin is Beijing Qiyao Investment Management Partnership (Limited Partnership) (北京啓耀投資管理合夥企業（有限合夥）) ("**Beijing Qiyao**") whose general partner is Suzhou Qiman Investment Management Co., Ltd. (蘇州啓滿投資管理有限公司) ("**Suzhou Qiman**") which is controlled each as to 50% by YU Jia (於佳) and XU Jing (徐靜), both being Independent Third Parties. Qiming Rongxin has 32 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Qiming Rongying and Qiming Rongke

Qiming Rongying and Qiming Rongke are both limited partnerships established in the PRC on November 30, 2017 and October 16, 2017, respectively. The general partner of both Qiming Rongying and Qiming Rongke is Suzhou Qiping Investment Management Partnership (Limited Partnership) (蘇州啓平投資管理合夥企業（有限合夥）) ("**Suzhou Qiping**") whose general partner is Suzhou Qiman. Qiming Rongying has 10 limited partners and Qiming Rongke has 24 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Suzhou Qihua

Suzhou Qihua is a limited partnership established in the PRC on November 10, 2021. The general partner of Suzhou Qihua is Suzhou Qikun Venture Investment Partnership (Limited Partnership) (蘇州啓坤創業投資合夥企業（有限合夥）) ("**Suzhou Qikun**") whose general partner is Suzhou Qiwang Venture Investment Co., Ltd. (蘇州啓望創業投資有限公司) which is controlled each as to 50% by YU Jia (於佳) and XU Jing (徐靜), both being Independent Third Parties. Suzhou Qihua has 10 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Heju Capital

Heju Capital invested in our Company through the funds managed by Guangdong Heyi Zecheng Private Fund Management Co., Ltd. (廣東禾一澤成私募基金管理有限公司) ("**Heyi Fund**") acting as the general partner of each of Guangdong Yuntai, Heju Minghong, Heju Chongyue, Guangdong Yunqi, Guangdong Wenquan and Guangdong Wenjia. Heyi Fund is held by WANG Hong (王鴻) as to 56.9% and ZOU Tao (鄒濤) as to 38.1%, each an Independent Third Party.

Guangdong Yuntai and Heju Minghong

Guangdong Yuntai and Heju Minghong are both limited partnerships established in the PRC on September 18, 2018 and June 18, 2021, respectively. The general partner of both Guangdong Yuntai and Heju Minghong is Heyi Fund. Guangdong Yuntai has eight limited partners and Heju Minghong has five limited partners, all being Independent Third Parties. Except for MAO Yong (毛勇), an Independent Third Party who holds approximately 47.6% partnership interests in Guangdong Yuntai and approximately 47.5% partnership interests in Heju Minghong, none of the remaining limited partners of Guangdong Yuntai or Heju Minghong holds more than 30% partnership interests therein respectively.

Heju Chongyue and Guangdong Yunqi

Heju Chongyue and Guangdong Yunqi are both limited partnerships established in the PRC on September 28, 2020 and November 20, 2018, respectively. The general partner of both Heju Chongyue and Guangdong Yunqi is Heyi Fund. Heju Chongyue has nine limited partners, all being Independent Third Parties. Guangdong Yunqi is also the largest limited partner of Heju Chongyue, holds approximately 36.78% partnership interests therein. The sole limited partner of Guangdong Yunqi is Tianjin Ren'ai Jiangyuan Enterprise Management Co., Ltd. (天津仁愛江源企業管理有限公司) ("**Tianjin Ren'ai Jiangyuan**"), an Independent Third Party. Tianjin Ren'ai Jiangyuan is owned as to (i) 55.0% by Tianjin Ren'ai Xinhe Enterprise Management Co., Ltd. (天津仁愛信合企業管理有限公司), which is ultimately controlled by MA Ruren (馬如仁), an Independent Third Party; and (ii) 45.0% by Tianjin Jiangtian Investment Co., Ltd. (天津市江天投資有限公司), which is controlled by ZHAO Jiangbin (趙江斌), an Independent Third Party.

Guangdong Wenquan

Guangdong Wenquan is a limited partnership established in the PRC on August 10, 2021. The general partner of Guangdong Wenquan is Heyi Fund. Guangdong Wenquan has seven limited partners, all being

Independent Third Parties. Except for HAN Gangjun (韓剛君), an Independent Third Party who holds 40.0% partnership interests in Guangdong Wenquan, none of the remaining limited partners held more than 30% partnership interests therein.

Guangdong Wenjia

Guangdong Wenjia is a limited partnership established in the PRC on January 19, 2022. The general partner of Guangdong Wenjia is Heyi Fund. Guangdong Wenjia has three limited partners, all being Independent Third Parties. Except for ZHANG Pengguo (張鵬國), an Independent Third Party who holds 70.0% partnership interests in Guangdong Wenjia, none of the remaining limited partners held more than 30% partnership interests therein.

Ningbo Hualing

Ningbo Hualing is a limited partnership established in the PRC on January 22, 2018. The general partner of Ningbo Hualing is CHEN Ailing (陳愛玲), and the sole limited partner of which is FU Yiqin (傅益欽), both being Independent Third Parties.

Ningbo Huayan

Ningbo Huayan is a limited partnership established in the PRC on July 2, 2021. The general partner of Ningbo Huayan is Huayan Capital (Hangzhou) Private Fund Management Co., Ltd. (華晏資本(杭州)私募基金管理有限公司) which is wholly owned by Hangzhou Huaxi Information Technology Service Co., Ltd. (杭州華璽信息技術服務有限公司) which is controlled by CHEN Ailing (陳愛玲), an Independent Third Party. Ningbo Huayan has 24 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Beijing Kuxun Technology

Beijing Kuxun Technology is a limited liability company established in the PRC on April 27, 2006. Beijing Kuxun Technology is indirectly wholly owned by Meituan (HKEX stock code: 3690). As a tech-driven retail company, Meituan adheres to the "Retail + Technology" strategy and commits to its mission that "We help people eat better, live better". Since its establishment in March 4, 2010, Meituan has advanced the digital upgrading of services and goods retail on both supply and demand sides. Together with Meituan's partners, Meituan provides quality services for consumers. On September 20, 2018, Meituan was listed on the Main Board of the Hong Kong Stock Exchange.

Hangzhou Gancheng

Hangzhou Gancheng is a limited partnership established in the PRC on April 17, 2020, the general partner of which is Shanghai Taichong Guangyu Management Consulting Co., Ltd. (上海泰翀廣煜管理諮詢有限公司), holding approximately 0.02% partnership interests therein, which is controlled as to 90% by WANG Zihan (王子涵). Hangzhou Gancheng has two limited partners, being (i) ZHOU Yue (周鉞), the largest limited partner of Hangzhou Gancheng and an Independent Third Party, holding approximately 66.76% partnership interests therein, and (ii) Hangzhou Ganxin Yunxin Technology Partnership (Limited Partnership) (杭州淦新雲芯科技合夥企業(有限合夥)), holding approximately 33.23% partnership interests therein, which is controlled by MA Jianqiu (馬劍秋) an Independent Third Party.

Chongqing Liangjiang Investment

Chongqing Liangjiang Investment is a limited partnership established in the PRC on September 5, 2023. The general partner of Chongqing Liangjiang Investment is Chongqing Chengyun Enterprise Management Co., Ltd. (重慶承運企業管理有限公司) which is controlled by Chongqing Liangjiang Private

Equity Investment Fund Management Co., Ltd. (重慶兩江私募股權投資基金管理有限公司), which is wholly owned by Chongqing Liangjiang New Area Industrial Development Group Co., Ltd. (重慶兩江新區產業發展集團有限公司) ("**Liangjiang Industrial Group**"), a company wholly owned by Chongqing Liangjiang New District People's Government (重慶兩江新區人民政府), which is controlled by Chongqing Municipal People's Government (重慶市人民政府). Chongqing Liangjiang Investment has five limited partners, all being Independent Third Parties. Liangjiang Industrial Group, being the largest limited partner of Chongqing Liangjiang Investment, holds approximately 75.49% partnership interests therein. None of the remaining limited partners of Chongqing Liangjiang Investment holds more than 30% partnership interests therein.

Chongqing Industrial Investment Parent Fund

Chongqing Industrial Investment Parent Fund is a limited partnership established in the PRC on August 18, 2022. The general partner of Chongqing Industrial Investment Parent Fund is Chongqing Yufu High-Quality Industry FoF Private Equity Investment Fund Management Co., Ltd. (重慶渝富高質產業母基金私募股權投資基金管理有限公司) which is wholly owned by Chongqing Yufu Holding Group Co., Ltd. (重慶渝富控股集團有限公司) ("**Chongqing Yufu**"), a company wholly owned by Chongqing State-owned Assets Supervision and Administration Commission (重慶市國有資產監督管理委員會). Chongqing Industrial Investment Parent Fund has five limited partners, all being Independent Third Parties. Chongqing Yufu, being the largest limited partner of Chongqing Industrial Investment Parent Fund, holds approximately 68.75% partnership interests therein. None of the remaining limited partners of Chongqing Industrial Investment Parent Fund holds more than 30% partnership interests therein.

Ningbo Zhenhai

Ningbo Zhenhai is a limited partnership established in the PRC on May 23, 2023. The general partner of Ningbo Zhenhai is Ningbo Zhenhai Industrial Investment Private Fund Management Co., Ltd. (寧波市鎮海產業投資私募基金管理有限公司), which is wholly owned by Ningbo Zhenhai District State-owned Capital Investment and Operation Co., Ltd. (寧波市鎮海區國有資本投資運營有限公司), a company wholly owned by Ningbo Zhenhai District State-owned Assets Management Service Center (寧波市鎮海區國有資產管理服務中心). Ningbo Zhenhai has six limited partners, all being Independent Third Parties. Ningbo Zhenhai Jinhui Group Co., Ltd. (寧波市鎮海金彙集團有限公司), which is wholly owned by Ningbo Zhenhai District Haijiang Investment Development Co., Ltd. (寧波市鎮海區海江投資發展有限公司) and also controlled by Ningbo Zhenhai District State-owned Assets Management Service Center, being the largest limited partner of Ningbo Zhenhai, holds 65% partnership interests therein. None of the remaining limited partners of Ningbo Zhenhai holds more than 30% partnership interests therein.

Tencent Investment

Tencent Investment is a limited liability company established in the PRC on January 6, 2020. Tencent Investment is wholly owned by Shenzhen Tencent Ruijian Investment Co., Ltd. (深圳市騰訊睿見投資有限公司), which is a subsidiary of Tencent Holdings Limited ("**Tencent**") (stock code: 700.HK (HKD counter) and 80700.HK (RMB counter)).

Shaoxing Gansheng

Shaoxing Gansheng is a limited partnership established in the PRC on April 1, 2020. It is principally engaged in investment in semiconductor industry chain. The general partner of Shaoxing Gansheng is Xianjun (Shanghai) Investment Management Co., Ltd. (顯鋆（上海）投資管理有限公司) which is controlled by YE Feng (葉楓), an Independent Third Party. Shaoxing Gansheng has 46 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Legend Star

Suzhou Xingfan

Suzhou Xingfan is a limited partnership established in the PRC on August 6, 2019. The general partner of Suzhou Xingfan is Qushui Xinghuan Venture Investment Management Center (Limited Partnership) (曲水縣星環創業投資管理中心（有限合夥）) ("**Xinghuan Venture**"), whose general partner is Duilong Deqing Xingchuan Venture Investment Management Co., Ltd. (堆龍德慶星川創業投資管理有限公司) which is wholly owned by Tibet Dazi Lianxing Management Consulting Co., Ltd. (西藏達孜聯星管理諮詢有限公司), a company wholly owned by Beijing Legend Star Investment Management Co., Ltd. (北京聯想之星投資管理有限公司), and in turn wholly owned by Legend Holdings Corporation (聯想控股股份有限公司) ("**Legend Holdings**"), a company listed on the Stock Exchange (stock code: 3396) and an Independent Third Party. The sole limited partner of Xinghuan Venture is Dazi Xinglin Enterprise Management Partnership (Limited Partnership) (達孜星麟企業管理合夥企業（有限合夥）), holding 70% partnership interests therein, which is ultimately controlled by WANG Mingyao (王明耀), an Independent Third Party. Suzhou Xingfan has 13 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Beijing Xingfan

Beijing Xingfan is a limited partnership established in the PRC on April 13, 2021. The general partner of Beijing Xingfan is Xinghuan Venture. Beijing Xingfan has four limited partners, all being Independent Third Parties. The limited partner which holds more than 30% partnership interests in Beijing Xingfan is (i) Ningbo Meishan Bonded Port Area Chenhai Linghui Venture Investment Partnership (Limited Partnership) (寧波梅山保稅港區辰海靈慧創業投資合夥企業（有限合夥）), holding approximately 48.25% partnership interests therein, which is ultimately controlled by LI Shilei (李石磊) and CHEN Chen (陳塵), both being Independent Third Parties; and (ii) Zibo Haihe Shengshi Equity Investment Fund Partnership (Limited Partnership) (淄博海合盛世股權投資基金合夥企業（有限合夥）), holding approximately 46.32% partnership interests therein, which is controlled by Beijing Boxin Investment Management Co., Ltd. (北京渤信投資管理有限公司) ("**Beijing Boxin**"), an Independent Third Party. Beijing Boxin is ultimately controlled by four individuals each as to 25%, each being an Independent Third Party. None of the remaining limited partners of Beijing Xingfan holds more than 30% partnership interests therein.

Jiyuan Capital

Jiyuan Haoyue and Jiyuan Haoyuan

Jiyuan Haoyue and Jiyuan Haoyuan are both limited partnerships established in the PRC on December 20, 2019 and December 18, 2019, respectively. The general partner of Jiyuan Haoyue is Zhangjiagang Yuanyu Enterprise Management Partnership (Limited Partnership) (張家港源宇企業管理合夥企業（有限合夥）) ("**Zhangjiagang Yuanyu**") whose general partner is Shanghai Jican Management Consulting Co., Ltd. (上海紀璨管理諮詢有限公司) ("**Shanghai Jican**") which is controlled as to 33.34% by XU Bingdong (徐炳東), and each as to 33.33% by LI Haojun (李浩軍) and WU Chenyao (吳陳堯), and all being Independent Third Parties. The general partner of Jiyuan Haoyuan is Shanghai Jiyuan Huining Enterprise Management Partnership (Limited Partnership) (上海紀源匯寧企業管理合夥企業（有限合夥）) ("**Jiyuan Huining**") whose general partner is also Shanghai Jican. Both Jiyuan Haoyue and Jiyuan Haoyuan has more than 20 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Hua Capital

Suzhou Yuanhe Puhua

Suzhou Yuanhe Puhua is a limited partnership established in the PRC on November 23, 2020. The general partner of Suzhou Yuanhe Puhua is Suzhou Yuehai Tongxin Enterprise Management Partnership

(Limited Partnership) (蘇州越海同芯企業管理合夥企業（有限合夥）) ("**Suzhou Yuehai**"), whose general partner is Suzhou Tonghai Tongxin Enterprise Management Partnership (Limited Partnership) (蘇州同海同芯企業管理合夥企業（有限合夥）) ("**Suzhou Tonghai**"), the general partner of which is Suzhou Tongyue Enterprise Management Co., Ltd. (蘇州同越企業管理有限公司), which is controlled by CHEN Datong (陳大同), an Independent Third Party. Suzhou Yuanhe Puhua has 33 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Jiangsu Yuanhe Puhua

Jiangsu Yuanhe Puhua is a limited partnership established in the PRC on January 25, 2018. It is a private equity fund primarily engaged in equity investment in the PRC. Yuanhe Puhua has previously invested in companies primarily engaged in wholesale and retail trade industry such as Shenzhen Longsys Electronics Co., Ltd. (深圳市江波龍電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301308.SZ), information transmission, software, and information technology services industry such as JADARD TECHNOLOGY INC (深圳天德鈺科技股份有限公司), a company listed on the Science and Technology Innovation Board (stock code: 688252.SH), scientific research and technical services industry such as Empyrean Technology Co., Ltd. (北京華大九天科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 301269.SZ). The general partner of Jiangsu Yuanhe Puhua is Suzhou Zhixin Fangwei Investment Management Partnership (Limited Partnership) (蘇州致芯方維投資管理合夥企業（有限合夥）), whose general partner is Suzhou Zhixin Hongcheng Investment Management Partnership (General Partnership) (蘇州致芯宏成投資管理合夥企業（普通合夥）), the general partner of which is Liu Yue, an Independent Third Party. Jiangsu Yuanhe Puhua has 11 limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein.

Profit Score

Hangzhou Yunsheng

Hangzhou Yunsheng is a limited partnership established in the PRC on July 14, 2020. The general partner of Hangzhou Yunsheng is Zhuhai Tongpei Equity Investment Management Partnership (Limited Partnership) (珠海通沛股權投資管理合夥企業（有限合夥）) ("**Zhuhai Tongpei**"), whose general partner is Profit Score Limited, which is ultimately controlled by CHEN Jingsong (陳勁松), an Independent Third Party. Hangzhou Yunsheng has ten limited partners, all being Independent Third Parties. Hangzhou Xieduo Investment Management Partnership (Limited Partnership) (杭州協多投資管理合夥企業（有限合夥）) ("**Hangzhou Xieduo**"), being the largest limited partner of Hangzhou Yunsheng, holding approximately 35.01% partnership interests therein, whose general partner is Hangzhou Chunqian Investment Management Co., Ltd. (杭州春謙投資管理有限公司), which is controlled by QIU Xiaoying (邱小英), an Independent Third Party. None of the remaining limited partners of Hangzhou Yunsheng holds more than 30% partnership interests therein.

Hangzhou Yunhua

Hangzhou Yunhua is a limited partnership established in the PRC on June 30, 2020. The general partner of Hangzhou Yunhua is also Zhuhai Tongpei. Hangzhou Yunhua has two limited partners, namely, (i) Hangzhou Rongxi Leading Equity Investment Fund Partnership (Limited Partnership) (杭州融禧領投股權投資基金合夥企業（有限合夥）) ("**Hangzhou Rongxi**"), holding approximately 66.00% partnership interests therein, whose general partner is Beijing Rongze Tongyuan Investment Consulting Co., Ltd. (北京融澤通遠投資顧問有限公司) which is in turn controlled by Tianjin Rongze Tongyuan Private Equity Fund Management Partnership (Limited Partnership) (天津融澤通遠私募基金管理合夥企業（有限合夥）) and is ultimately controlled by CHEN Jingsong (陳勁松), an Independent Third Party; (ii) Hainan Zehao Equity Investment Fund Partnership (Limited Partnership) (海南澤昊股權投資基金合夥企業（有限合夥）) ("**Hainan Zehao**") holding approximately 34.00% partnership interests therein, whose general partner is also Zhuhai Tongpei. CHEN Jingsong, being the largest limited partner of Hainan Zehao, holds approximately 64.75% partnership interests therein. None of the remaining limited partners of Hangzhou Rongxi and Hainan Zehao hold more than 30% partnership interests therein.

FY Capital

Ningbo Fengyuan

Ningbo Fengyuan is a limited partnership established in the PRC on June 23, 2020. Ningbo Fengyuan is a private equity fund primarily engaged in equity investment, investment management and assets management in the PRC. The general partner of Ningbo Fengyuan is Fengyuan (Ningbo) Private Equity Fund Management Co., Ltd. (馮源（寧波）私募基金管理有限公司) ("**Fengyuan PE**") which is controlled by TANG Zhilan (唐志蘭), an Independent Third Party. Ningbo Fengyuan has 15 limited partners, all being Independent Third Parties. Hunan Taijia New Materials Technology Co., Ltd. (湖南泰嘉新材料科技股份有限公司), being the largest limited partner of Ningbo Fengyuan, holds approximately 31.69% partnership interests therein, which is listed on the Shenzhen Stock Exchange (stock code: 002843), and an Independent Third Party. None of the remaining limited partners of Ningbo Fengyuan holds more than 30% partnership interests therein.

Jinjiang Fengyuan

Jinjiang Fengyuan is a limited partnership established in the PRC on November 12, 2020. Jinjiang Fengyuan is a private equity fund primarily engaged in equity investment, investment management and assets management in the PRC. The general partner of Jinjiang Fengyuan is Beijing Chengyuan Enterprise Management Co., Ltd. (北京承沅企業管理有限公司) which is wholly owned by Fengyuan PE. Jinjiang Fengyuan has 17 limited partners, all being Independent Third Parties. YU Renrong (虞仁榮), being the largest limited partner of Jinjiang Fengyuan, holds approximately 47.89% partnership interests therein. None of the remaining limited partners of Jinjiang Fengyuan holds more than 30% partnership interests therein.

Tongshang Venture Investment

Tongshang Venture Investment is a limited partnership established in the PRC on June 2, 2020. The general partner of Tongshang Venture Investment is Ningbo Tongshang Fund Management Co., Ltd. (寧波通商基金管理有限公司) which is controlled by Ningbo Tongshang Holding Group Co., Ltd. (寧波通商控股集團有限公司) ("**Tongshang Holding**") which is wholly owned by Ningbo Municipal State-owned Assets Supervision and Administration Commission (寧波市人民政府國有資產監督管理委員會). The sole limited partner of Tongshang Venture Investment is Tongshang Holding.

YU Renrong

YU Renrong (虞仁榮), an Independent Third Party, has over 30 years experience in the semiconductor and chip industry. He is the founder, chairman of the board and controlling shareholder of Omnivision Integrated Circuits Group Inc. (豪威集成電路（集團）股份有限公司), a fabless chip design company primarily engaged in the design of semiconductor and listed on the Shanghai Stock Exchange (stock code: 603501) and the Stock Exchange (stock code: 0501).

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-IPO Investments was irrevocably settled no less than 28 clear days before the date of our first submission of the listing application to the Stock Exchange or no less than 120 clear days before the Listing Date (as the case may be); and (ii) the special rights granted to the Pre-IPO Investors will be terminated upon the Listing with the redemption and divestment rights suspended before the first filing of the listing application by our Company with the Stock Exchange, the Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with Chapter 4.2 of the Guide.

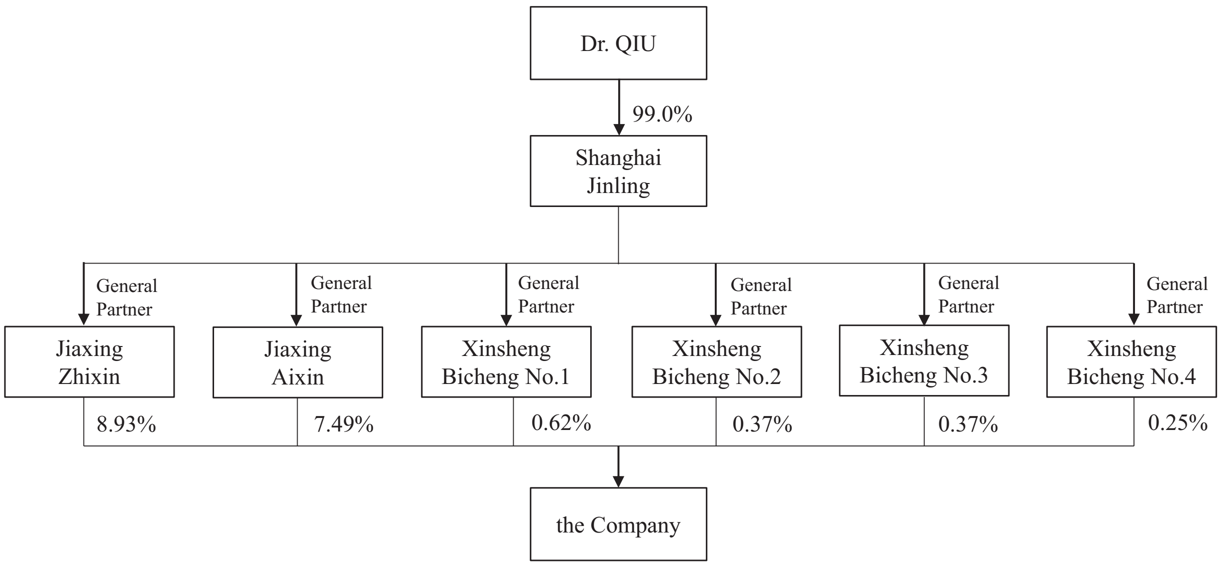
ACTING IN CONCERT

Pursuant to an acting in concert agreement dated September 18, 2021 (the "**AIC Agreement**"), Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling confirmed to act in concert at the general meetings of our Company with Dr. QIU (the "**AIC Parties**"). In the event that Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling fail to reach a consensus with Dr. QIU, the voting rights under the acting in concert arrangements shall be exercised in accordance with the discretion of Dr. QIU, and such acting in concert arrangement will continue following the Listing. Dr. QIU is the limited partner holding 99% interests in Shanghai Bonasi, and Shanghai Jinling is the general partner holding 1% interests therein.

Therefore, as of the Latest Practicable Date, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Shanghai Jinling and Dr. QIU, by virtue of the acting in concert arrangements, were collectively entitled to exercise the voting rights attached to approximately 21.16% of our total issued Shares, and will be entitled to exercise the voting rights attached to approximately 17.38% of our total issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

OUR EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, Jiaxing Zhixin, Jiaxing Aixin, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3, Xinsheng Bicheng No. 4, together with other 19 limited partnerships serving as the limited partners of Jiaxing Zhixin and Jiaxing Aixin, were established as limited partnerships in the PRC as our Employee Incentive Platforms. Prior to the Acquisition, Huatu had its own employee incentive scheme in the form of restricted shares of Zhejiang Huatu (the "**Huatu ESOP**"). As part of the Acquisition arrangement, Huatu ESOP has been terminated, and awards that have been granted to the participants under Huatu ESOP have been converted into restricted shares in the form of partnership interests in our Employee Incentive Platforms, subject to the administration and restriction as set out in the Restricted Share Incentive Scheme. For details, please refer to "Appendix IV—Statutory and general information—D. Restricted Share Incentive Scheme". As of the Latest Practicable Date, the simplified shareholding structure of the Employee Incentive Platforms is as follows:



Shanghai Jinling serves as the sole general partner of each of Jiaxing Zhixin, Jiaxing Aixin, Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4. Shanghai Jinling was controlled by Dr. QIU, our founder, chairperson of the Board and executive Director, as to 99%, and held by Ms. LING Yiwen as to 1%, the sister of Dr. QIU's spouse. Pursuant to the acting in concert arrangements, Dr. QIU is entitled to exercise the voting rights attached to the Shares held by each of our Employee Incentive Platforms, for details, see "—Acting in Concert" in this section above.

All the Shares held by our Employee Incentive Platforms are subject to certain transfer and disposal restrictions pursuant to the partnership agreement. As of the Latest Practicable Date, all of the awards under our Employee Incentive Platform had been granted to and subscribed for by our employees, and no further Shares will be issued following the Listing.

As of the Latest Practicable Date, our Employee Incentive Platforms collectively held 87,013,306 Shares, representing 14.80% of the total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). The total eligible participants under the Restricted Share Incentive Scheme are our employees and former employees, taking in the form of partnership interests in our Employee Incentive Platforms. As of the Latest Practicable Date, the total number of underlying Shares granted to our Directors, Supervisors and senior management members under the Restricted Share Incentive Scheme were 46,574,414 Shares, representing 7.92% of the total issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised), among which, (i) Mr. SUN Weifeng (孫微風), our executive Director and chief executive officer, holding 19,155,046 Shares, representing 3.26%; (ii) Mr. SHI Xiaoye (施曉燁), our executive Director and chief financial officer, holding 18,723,884 Shares, representing 3.19%; (iii) Mr. WANG Yuan (王遠), our executive Director and vice president, holding 3,812,983 Shares, representing 0.65%; (iv) Ms. PENG Nan (彭楠), our Supervisor, holding 875,020 Shares, representing 0.15%; (v) Ms. CHEN Xiaowen (陳曉文), our Supervisor, holding 107,404 Shares, representing 0.02%; (vi) Mr. LIU Jianwei (劉建偉), our general manager and a Director, holding 3,021,408 Shares, representing 0.51%; and (vii) Mr. ZHAO Changhua (趙昌華), a Director, holding 878,669 Shares, representing 0.15%.

Details of our Employee Incentive Platforms are set forth below.

		Limited partners holding more than 30% interest therein		Limited partners being the Directors, Supervisors or senior management members of the Company	
No.	**Name of the Employee Incentive Platforms**	**Name / Identity**	**Partnership interests**	**Name / Identity**	**Partnership interests**
1.	Jiaxing Zhixin	N/A	N/A	Mr. LIU Jianwei (劉建偉), our Director [(2)]	6.99%
2.	Jiaxing Aixin	Jiaxing Yuanshu Enterprise Management Partnership (Limited Partnership) (嘉興元樞企業管理合夥企業(有限合夥)) [(1)]	52.82%	Ms. PENG Nan (彭楠), our Supervisor	2.41%
		Jiaxing Zhihong Enterprise Management Partnership (Limited Partnership) (嘉興智泓企業管理合夥企業(有限合夥)) [(1)]	43.82%		
3.	Xinsheng Bicheng No.1	N/A	N/A	Mr. WANG Yuan (王遠), our executive Director and vice president	4.01%
4.	Xinsheng Bicheng No.2	N/A	N/A	N/A	N/A
5.	Xinsheng Bicheng No.3	N/A	N/A	N/A	N/A
6.	Xinsheng Bicheng No.4	ZHANG Ke (張柯), an employee of our Group	41.54%	N/A	N/A

No.	Name of the Employee Incentive Platforms	Limited partners holding more than 30% interest therein		Limited partners being the Directors, Supervisors or senior management members of the Company	
		Name / Identity	Partnership interests	Name / Identity	Partnership interests
7.	Jiaxing Yuandi Enterprise Management Partnership (Limited Partnership) (嘉興元砥企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
8.	Jiaxing Yuanqi Enterprise Management Partnership (Limited Partnership) (嘉興元騏企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
9.	Jiaxing Yuanmiao Enterprise Management Partnership (Limited Partnership) (嘉興元邈企業管理合夥企業(有限合夥)) (1)	LU Jianfeng (逯建楓), an employee of our Group	30.05%	N/A	N/A
10.	Jiaxing Yuanxi Enterprise Management Partnership (Limited Partnership) (嘉興元晞企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
11.	Jiaxing Yuancong Enterprise Management Partnership (Limited Partnership) (嘉興元琮企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
12.	Jiaxing Yuangui Enterprise Management Partnership (Limited Partnership) (嘉興元圭企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
13.	Jiaxing Yuanhuan Enterprise Management Partnership (Limited Partnership) (嘉興元寰企業管理合夥企業(有限合夥)) (1)	CHEN Jiahui (陳嘉暉), an employee of our Group	54.55%	N/A	N/A
14.	Jiaxing Yuanyin Enterprise Management Partnership (Limited Partnership) (嘉興元垠企業管理合夥企業(有限合夥)) (1)	MENG Xianyu (孟憲余), an employee of our Group	42.37%	N/A	N/A
		LIAO Yuewang (廖月旺), an employee of our Group	38.69%	N/A	N/A
15.	Jiaxing Zhihan Enterprise Management Partnership (Limited Partnership) (嘉興智瀚企業管理合夥企業(有限合夥)) (1)	CONG Yong (從勇), an employee of our Group	31.02%	N/A	N/A
16.	Jiaxing Yuanjun Enterprise Management Partnership (Limited Partnership) (嘉興元鈞企業管理合夥企業(有限合夥)) (1)	GUO Xiaokun (郭曉坤), an employee of our Group	41.09%	N/A	N/A
		MA Zhenqiang (馬振強), an employee of our Group	37.23%	N/A	N/A

No.	Name of the Employee Incentive Platforms	Limited partners holding more than 30% interest therein: Name / Identity	Limited partners holding more than 30% interest therein: Partnership interests	Limited partners being the Directors, Supervisors or senior management members of the Company: Name / Identity	Limited partners being the Directors, Supervisors or senior management members of the Company: Partnership interests
17.	Jiaxing Zhilan Enterprise Management Partnership (Limited Partnership) (嘉興智瀾企業管理合夥企業(有限合夥)) (1)	WANG Junqiang (王軍強), an employee of our Group	32.38%	N/A	N/A
18.	Jiaxing Zhiyue Enterprise Management Partnership (Limited Partnership) (嘉興智躍企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
19.	Jiaxing Yuanyao Enterprise Management Partnership (Limited Partnership) (嘉興元曜企業管理合夥企業(有限合夥)) (1)	SHI Xin (史欣), an employee of our Group	97.14%	Mr. SHI Xiaoye (施曉燁), our executive Director and chief financial officer	1.86%
20.	Jiaxing Yuanwei Enterprise Management Partnership (Limited Partnership) (嘉興元緯企業管理合夥企業(有限合夥)) (1)	Mr. WANG Yuan (王遠)	66.54%	Mr. SHI Xiaoye (施曉燁)	15.33%
				Ms. CHEN Xiaowen (陳曉文), our Supervisor	1.87%
21.	Jiaxing Zhijian Enterprise Management Partnership (Limited Partnership) (嘉興智鑒企業管理合夥企業(有限合夥)) (1)	Kawaguchi Takayoshi, an employee of our Group	94.80%	N/A	N/A
22.	Jiaxing Zhishuo Enterprise Management Partnership (Limited Partnership) (嘉興智爍企業管理合夥企業(有限合夥)) (1)	N/A	N/A	N/A	N/A
23.	Jiaxing Yuanshu Enterprise Management Partnership (Limited Partnership) (嘉興元樞企業管理合夥企業(有限合夥)) (1)	Mr. SUN Weifeng (孫微風), our executive Director and chief executive officer	99.00%	Mr. SUN Weifeng (孫微風)	99.00%
24.	Jiaxing Zhihong Enterprise Management Partnership (Limited Partnership) (嘉興智泓企業管理合夥企業(有限合夥)) (1)	Mr. SHI Xiaoye (施曉燁)	70.44%	Mr. SHI Xiaoye (施曉燁)	70.44%
				Mr. ZHAO Changhua (趙昌華), our Director (2)	5.48%
25.	Jiaxing Zhitao Enterprise Management Partnership (Limited Partnership) (嘉興智韜企業管理合夥企業(有限合夥)) (1)	LI Chen (李琛), an employee of our Group	97.14%	N/A	N/A

Notes:

(1) The general partner of each of these employee incentive platforms is Jiaxing Zhiaixin Enterprise Management Co., Ltd. (嘉興智硋芯企業管理有限公司), which is held as to 99.0% by Mr. SUN Weifeng (孫微風) and 1.0% by Mr. LIU Jianwei (劉建偉).

(2) Both Mr. LIU Jianwei (劉建偉) and Mr. ZHAO Changhua (趙昌華), were our Directors as of the Latest Practicable Date. They have tendered their resignations from the directorships of the Company on June 23, 2025 which will take effect upon Listing.

PUBLIC FLOAT AND FREE FLOAT

The 233,177,165 H Shares to be converted from Unlisted Shares held by (i) our Single Largest Group of Shareholders, namely, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3 and Xinsheng Bicheng No.4; (ii) Inno-Chip, namely, Weihao Phase III, Tianjin Weihao, Weihao Phase IV, Yiwu Weihao, Weihao Yunxuan and Shanghai Ganzhong; and (iii) Wuhu Kuangyun (the close associate of our non-executive Director Mr. WANG Chen (王晨)), representing 39.67% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), will not be counted towards the public float as the aforesaid Shareholders are core connected persons of our Group.

To the best of our Directors' knowledge, information and belief and having made all reasonable inquiries, save as disclosed above, none of the existing Shareholders (i) is a core connected person of our Group; (ii) has been financed directly or indirectly by a core connected person of our Group for the subscription of Shares; or (iii) is accustomed to taking instructions from a core connected person of our Group in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them. Therefore, the 249,668,116 H Shares to be converted from the Unlisted Shares held by the other existing Shareholders together with 104,915,200 H Shares to be issued pursuant to the Global Offering (assuming the Over-allotment Option is not exercised), will be counted towards the public float.

Upon Listing, our Company will satisfy the public float requirement under Rule 19A.13A(1) of the Listing Rules, which states that, in the event the expected market value of the Company's H Shares upon Listing is over HK$6 billion but does not exceed HK$30 billion, the minimum number of H shares held by the public at the time of Listing as a percentage of the total issued Shares of the Company shall be the higher of: (i) the percentage that would result in the expected market value of H shares held by the public to be HK$1.5 billion at the time of Listing, being approximately 9.05% (assuming an Offer Price of HK$28.20 per H Share); and (ii) 15.00%. This calculation assumes that (i) 104,915,200 H Shares are allotted and issued in the Global Offering (assuming the Over-allotment Option are not exercised), (ii) 482,845,281 Unlisted Shares held by our existing Shareholders are converted into H Shares, and (iii) 587,760,481 H Shares are in issue upon completion of the Global Offering. Based on these assumptions, 354,583,316 H Shares, equivalent to 60.33% of the total number of issued Shares of our Company, will be counted towards the public float, which is higher than the minimum prescribed percentage of H Shares required to be held in public hands under Rule 19A.13A(1) of the Listing Rules, representing 15.00% of H Shares to be held in public hands.

Shares held by all the existing shareholders of the Company (i.e. 482,845,281 Shares) are subject to a lock-up period of 12 months following the Listing Date pursuant to the applicable PRC laws and Shares held by all the Cornerstone Investors through Cornerstone Placing (i.e. 51,156,300 Shares) are subject to a lock-up period of six months following the Listing Date. The Offer Shares to be subscribed by all the other investors participating in the Global Offering are not subject to any disposal restriction. Our Company is expected to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules, with sufficient H Shares held by the public and available for trading.

OUR CAPITALIZATION

The below table is a summary of the capitalization of our Company as of the Latest Practicable Date and immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised):

	As of the Latest Practicable Date		Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised)		
			Number and class of Shares		
Name of Shareholder	**Number of Shares**	**% as to the total issued Shares of our Company**	**H Shares**	**Unlisted Shares**	**% as to the total issued Shares of our Company**
Our Single Largest Group of Shareholders	*109,919,584*	*22.76%*	*109,919,584*	—	*18.70%*
- Jiaxing Zhixin	43,104,726	8.93%	43,104,726	—	7.33%
- Jiaxing Aixin	36,165,580	7.49%	36,165,580	—	6.15%
- Shanghai Bonasi	22,906,278	4.74%	22,906,278	—	3.90%
- Xinsheng Bicheng No.1*	2,978,077	0.62%	2,978,077	—	0.51%
- Xinsheng Bicheng No.2*	1,786,846	0.37%	1,786,846	—	0.30%
- Xinsheng Bicheng No.3*	1,786,846	0.37%	1,786,846	—	0.30%
- Xinsheng Bicheng No.4*	1,191,231	0.25%	1,191,231	—	0.20%
Inno-Chip	*74,878,128*	*15.51%*	*74,878,128*	—	*12.74%*
- Weihao Phase III	31,424,017	6.51%	31,424,017	—	5.35%
- Tianjin Weihao	23,113,306	4.79%	23,113,306	—	3.93%
- Weihao Phase IV	9,083,133	1.88%	9,083,133	—	1.55%
- Yiwu Weihao	5,948,758	1.23%	5,948,758	—	1.01%
- Weihao Yunxuan	4,117,683	0.85%	4,117,683	—	0.70%
- Shanghai Ganzhong*	1,191,231	0.25%	1,191,231	—	0.20%
Wuhu Kuangyun	31,081,389	6.44%	31,081,389	—	5.29%
Qiming Venture Partners	*30,312,929*	*6.28%*	*50,501,584*	—	*5.16%*
- Qiming Rongxin	9,212,656	1.91%	9,212,656	—	1.57%
- Qiming Rongying	8,333,333	1.73%	8,333,333	—	1.42%
- Qiming Rongke	6,818,182	1.41%	6,818,182	—	1.16%
- Suzhou Qihua	5,948,758	1.23%	5,948,758	—	1.01%
Beijing Kuxun Technology	20,188,655	4.18%	20,188,655	—	3.43%
Heju Capital	*19,252,444*	*3.99%*	*19,252,444*	—	*3.28%*
- Guangdong Yuntai	5,985,784	1.24%	5,985,784	—	1.02%
- Heju Minghong	4,000,000	0.83%	4,000,000	—	0.68%
- Heju Chongyue	3,826,453	0.79%	3,826,453	—	0.65%
- Guangdong Wenquan	2,478,649	0.51%	2,478,649	—	0.42%
- Guangdong Wenjia	1,560,752	0.32%	1,560,752	—	0.27%
- Guangdong Yunqi	1,400,806	0.29%	1,400,806	—	0.24%
Ningbo Hualing*	17,891,729	3.71%	17,891,729	—	3.04%
Hangzhou Gancheng*	17,298,064	3.58%	17,298,064	—	2.94%
Chongqing Government	*31,790,967*	*6.58%*	*31,790,967*	—	*5.41%*
- Chongqing Liangjiang Investment	15,895,484	3.29%	15,895,484	—	2.70%
- Chongqing Industrial Investment Parent Fund	15,895,483	3.29%	15,895,483	—	2.70%
Ningbo Zhenhai	15,313,614	3.17%	15,313,614	—	2.61%
Tencent Investment	14,376,165	2.98%	14,376,165	—	2.45%
Shaoxing Gansheng*	9,496,664	1.97%	9,496,664	—	1.62%

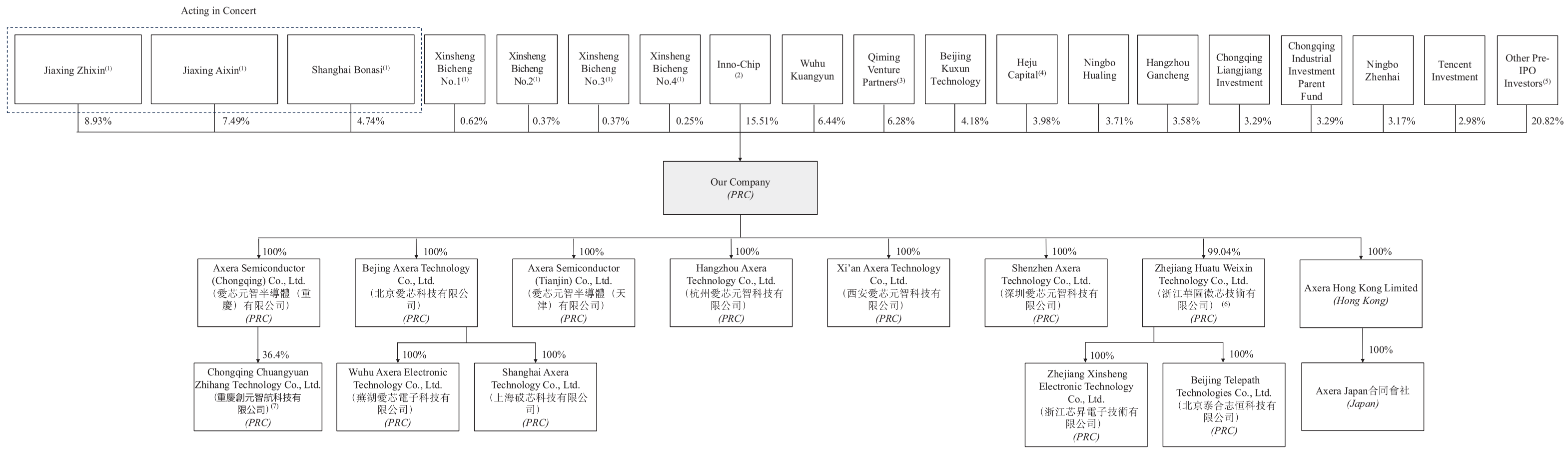
Name of Shareholder	As of the Latest Practicable Date: Number of Shares	As of the Latest Practicable Date: % as to the total issued Shares of our Company	Immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised): Number and class of Shares: H Shares	Number and class of Shares: Unlisted Shares	% as to the total issued Shares of our Company
Legend Star	*8,894,596*	*1.84%*	*8,894,596*	—	*1.51%*
- Suzhou Xingfan	7,407,407	1.53%	7,407,407	—	1.26%
- Beijing Xingfan	1,487,189	0.31%	1,487,189	—	0.25%
Jiyuan Capital	*8,491,221*	*1.76%*	*8,491,221*	—	*1.44%*
- Jiyuan Haoyue	4,875,659	1.01%	4,875,659	—	0.83%
- Jiyuan Haoyuan	3,615,562	0.75%	3,615,562	—	0.62%
Hua Capital	*7,738,676*	*1.60%*	*7,738,676*	—	*1.32%*
- Suzhou Yuanhe Puhua	4,541,567	0.94%	4,541,567	—	0.77%
- Jiangsu Yuanhe Puhua*	3,197,109	0.66%	3,197,109	—	0.54%
Profit Score	*7,123,346*	*1.48%*	*7,123,346*	—	*1.21%*
- Hangzhou Yunsheng*	5,479,497	1.13%	5,479,497	—	0.93%
- Hangzhou Yunhua*	1,643,849	0.34%	1,643,849	—	0.28%
FY Capital	*6,403,793*	*1.33%*	*6,403,793*	—	*1.09%*
- Ningbo Fengyuan*	3,835,648	0.79%	3,835,648	—	0.65%
- Jinjiang Fengyuan	2,568,145	0.53%	2,568,145	—	0.44%
Tongshang Venture Investment	5,676,958	1.18%	5,676,958	—	0.97%
YU Renrong	5,387,205	1.12%	5,387,205	—	0.92%
Shenzhen Longzhu	4,613,401	0.96%	4,613,401	—	0.78%
Zhoushan Weixin*	4,008,237	0.83%	4,008,237	—	0.68%
Yaotu Capital	*3,889,736*	*0.81%*	*3,889,736*	—	*0.66%*
- Suzhou Yaotu	3,189,333	0.66%	3,189,333	—	0.54%
- Ningbo Yaotu	700,403	0.15%	700,403	—	0.12%
Tianjin Yuzhi	3,502,016	0.73%	3,502,016	—	0.60%
Zhoushan Zhixin*	3,422,330	0.71%	3,422,330	—	0.58%
Shanghai Xinju	3,367,004	0.70%	3,367,004	—	0.57%
CHEN Heyu*	2,739,748	0.57%	2,739,748	—	0.47%
Ningbo Huayan	2,451,411	0.51%	2,451,411	—	0.42%
Yangming Zhixing*	2,191,799	0.45%	2,191,799	—	0.37%
Wanwu Xiamen	1,885,522	0.39%	1,885,522	—	0.32%
Qingdao Minxin*	1,643,849	0.34%	1,643,849	—	0.28%
Suzhou Juyuan Zhuxin*	1,643,849	0.34%	1,643,849	—	0.28%
Beijing Anrong	1,400,806	0.29%	1,400,806	—	0.24%
Hefei Shixi	1,400,806	0.29%	1,400,806	—	0.24%
YU Jiangyong	1,116,779	0.23%	1,116,779	—	0.19%
Hangzhou Caitong Hengxin*	1,095,899	0.23%	1,095,899	—	0.19%
Dayu Capital	*955,962*	*0.20%*	*955,962*	—	*0.16%*
- Hangzhou Dayu*	670,067	0.14%	670,067	—	0.11%
- Qianhai Zhiyu*	285,895	0.06%	285,895	—	0.05%
Investors from the Global Offering	—	—	104,915,200	—	17.85%
Total	**482,845,281**	**100.00%**	**587,760,481**	**—**	**100.00%**

* *denotes the then existing shareholders of Zhejiang Huatu which invested in our Company through share swap, for details, see "—Major Acquisitions, Disposals and Mergers" in this section above.*

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Immediately Prior to the Global Offering

The following chart sets forth our corporate and shareholding structure immediately prior to the Global Offering:



Notes:

(1) As of the Latest Practicable Date, Dr. QIU controls Shanghai Jinling, which is the general partner of each of Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3 and Xinsheng Bicheng No.4. Although the aggregate voting power of the abovementioned entities at the general meetings of our Company fell below 30%, Dr. QIU, through Shanghai Bonasi (Dr. QIU is the limited partner holding 99% interests in Shanghai Bonasi, and Shanghai Jinling is the general partner holding 1% interests therein), is in a position to control the composition of a majority of the Board according to the currently effective articles of association of our Company as of the Latest Practicable Date. Therefore, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3 and Xinsheng Bicheng No.4 constituted a group of controlling shareholders as of the Latest Practicable Date.

Upon completion of the Global Offering, as a result of the termination of the special rights and the changes in the Board composition, Dr. QIU will no longer be able to control the majority of the Board seats of our Company. Additionally, assuming the Over-allotment Option is not exercised, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3 and Xinsheng Bicheng No.4 will collectively be entitled to exercise voting rights attaching to 18.70% of the total issued Shares of our Company. Accordingly, our Company will no longer have any controlling shareholder. Instead, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi, Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3 and Xinsheng Bicheng No.4 will constitute the Single Largest Group of Shareholders upon completion of the Global Offering.

For details, see "Relationship with Our Single Largest Group of Shareholders."

(2) Inno-Chip holds equity interests in our Company through Weihao Phase III, Tianjin Weihao, Weihao Phase IV, Yiwu Weihao, Weihao Yunxuan and Shanghai Ganzhong.

(3) Qiming Venture Partners holds equity interests in our Company through Qiming Rongxin, Qiming Rongying, Qiming Rongke and Suzhou Qihua.

(4) Heju Capital holds equity interests in our Company through Guangdong Yuntai, Heju Minghong, Heju Chongyue, Guangdong Wenquan, Guangdong Wenjia and Guangdong Yunqi.

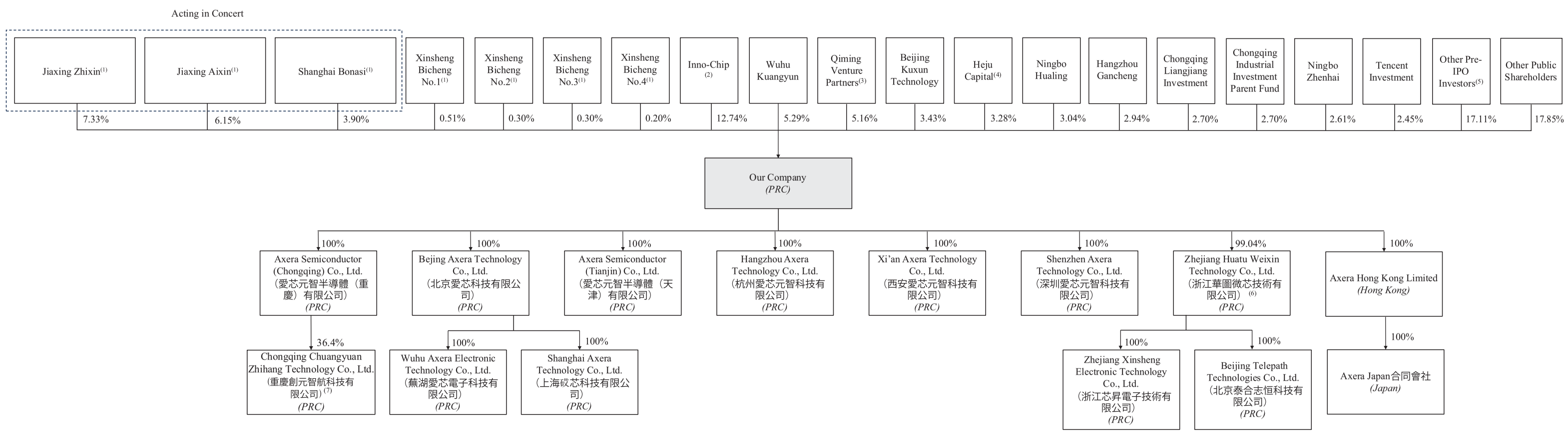
(5) Other Pre-IPO Investors represent the Pre-IPO Investors which held less than 2.50% equity interests in our Company as of the Latest Practicable Date. For details, see "—Our Capitalization" in this section above.

(6) Zhejiang Huatu was held by Hangzhou Xinsheng Bicheng No. 5 Enterprise Management Partnership (Limited Partnership) (杭州芯昇必成五號企業管理合夥企業（有限合夥）) ("Xinsheng Bicheng No.5") as to approximately 0.96%. The general partner of Xinsheng Bicheng No. 5 is Shanghai Jinling which is controlled by Dr. QIU.

(7) The remaining equity interests in Chongqing Chuangyuan Zhihang Technology Co., Ltd. was held by Anhui Shenji Technology Co., Ltd. (安徽神璣技術有限公司) as to 24%, a company ultimately controlled by NIO Inc., a company listed on the Stock Exchange (stock code: 9866) and New York Stock Exchange (ticker symbol: NIO), OmniVision Integrated Circuits Group, Inc. (豪威集成电路(集团)股份有限公司) as to 24%, a company listed on Shanghai Stock Exchange (stock code: 603501) and the Stock Exchange (stock code: 0501) and SIX Swiss Exchange (symbol: WILL) , and Jiaxing Yuanhe Yizhi Enterprise Management Partner Enterprise (Limited Partnership) (嘉兴元合逸智企业管理合伙企业（有限合伙）) as to 15.6%, which is ultimately controlled by WANG Zhou (王洲), an employee of the Group, respectively.

Immediately Upon Completion of the Global Offering

The following chart sets forth our corporate and shareholding structure immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised:



Notes: For notes (1) to (7), see "—Our Shareholding and Corporate Structure—Immediately Prior to the Global Offering" in this section above.

OVERVIEW

Who We Are

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

AI has emerged as one of the most vital technologies today. AI model architectures, which refer to the structural design and organization of the components and processes within an AI model, determine how data is processed, models are trained and evaluated, and predictions are generated. Transformer architecture, one of the most popular AI model architectures in this decade, has become the foundation of nearly every major large AI models in use today. With the rapid advancement of large AI models based on Transformer architecture such as large language models ("**LLMs**"), visual language models ("**VLMs**") and visual language action models ("**VLAs**"), both global tech giants and innovative startups have made significant investment in large AI model training and inference. Historically, large AI models have been deployed in the cloud due to their substantial computational and memory requirements. However, cloud-based deployment raises concerns around latency and privacy, driving the industry to explore edge inference frameworks that enable efficient large AI model processing on resource-constrained devices. This expansion toward edge computing—where AI tasks are performed locally rather than relying solely on centralized cloud infrastructure—represents a transformative opportunity in the AI landscape, unlocking new use cases and applications. The industry, previously focused on the training-centric paradigm, is now extending to cover inference—the process of applying trained and fine-tuned large AI models to generate predictions or decisions in real time, where tangible real-world value is delivered.

High-performance AI processors are essential for AI deployment. While central processing units ("**CPUs**") are versatile and graphics processing units ("**GPUs**") excel at parallel computation, neither is optimal for the unique requirements of AI inferencing. To enable the seamless integration of large AI models into everyday activities, efficient and cost-effective AI inference chips, such as neural processing units ("**NPUs**"), are becoming indispensable, particular for on-device and edge computing scenarios. Unlike general-purpose CPUs and GPUs, NPUs are architecturally optimized for large-scale parallel computing, delivering exceptional efficiency in processing large volumes of data and neural network computations. This specialized design makes NPUs a critical enabler for scalable, low-latency, and cost-effective AI inference at the edge.

Furthermore, the emergence of large AI models like DeepSeek has driven a reduction in the cost of accessing high-quality models, and advances in quantization technology have made deploying sophisticated models on devices or at the edge more cost-effective than ever. Together, these developments are set to accelerate the widespread adoption of edge-based large AI models, positioning us on the cusp of a major industry transformation.

Leveraging powerful industry tailwinds, we have steadfastly focused on developing high-performance, power-efficient, and cost-competitive AI inference SoCs and associated technologies for edge and visual on-device computing. At the heart of our capabilities and SoC offerings is the Axera Neutron (愛芯通元) mixed-precision NPU, a specialized processing architecture that delivers improved AI inference efficiency through advanced mixed-precision computing. This technology is crucial for deployment of quantized models, enabling AI inference on edge and endpoint devices. In particular, the growing smart vehicles industry is contributing to the increasing adoption of this technology. Complementing the mixed-precision NPU is our Axera Proton (愛芯智眸) AI-ISP, the world's first commercially scaled AI-enabled image signal processor. The Axera Proton AI-ISP is an advanced image signal processing engine that optimizes visual data in real time and at the pixel level, ensuring high-quality imaging even under challenging conditions. Together with our other technologies, such as the Pulsar2 toolchain and our software development kit ("**SDK**"), these innovations address both the fundamental "computation" requirements of AI inference and the critical "perception" applications that drive real-world value.

Our proprietary technology platform embodies an integrated and universal architecture, enabling efficient reuse of IP cores across multiple applications. This scalable approach allows us to rapidly develop, commercialize, and iterate our SoCs with flexibility and speed. This approach has enabled us to scale the production of visual on-device AI inference SoCs and expand into growing market such as smart vehicles and emerging market like edge computing, through continuous refinement of core technologies, improved computing power, and stringent control of power consumption. This platform strategy delivers dual competitive advantages: significantly reducing R&D costs while accelerating product development cycles, cementing our leadership in AI inference SoCs.

Beyond our robust technical capabilities, we believe that achieving large-scale commercialization is critical for a fabless company like us to maintaining financial health while executing a disciplined product strategy. Since our inception, we have focused on translating our advanced technologies into market-proven products and achieving broad commercial adoption across multiple application scenarios. As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception. We primarily focus on AI inference chips regarding on-device computing, smart vehicle applications and edge AI inference, being subsets of the overall AI inference chip market, which is in turn a subset of the overall semiconductor market. In particular, our sales of visual on-device computing SoCs and edge computing SoCs experienced significant growth in 2024, increasing by approximately 69% and 400% compared to 2023, respectively. As of September 30, 2025, cumulative shipments of our smart vehicle SoCs reached over 518,800 units since launch. According to CIC, we have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024, and the second-largest domestic smart driving SoC provider in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed. In the realm of edge AI inference, we were the third largest provider in China in terms of the shipment volume in 2024, according to the same source. This commercial scale validates our technology-to-market capabilities while creating a virtuous cycle for continued R&D investment and product innovation.

Our highly competitive and industry-acclaimed SoC products have driven rapid revenue growth during the Track Record Period. Specifically, from 2022 to 2024, our revenue increased from RMB50.2 million to RMB472.9 million, achieving a CAGR of 206.8%. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. The chart below highlights a selection of our core achievements:

Notes:

(1) According to CIC, in terms of the shipments in 2024.

(2) According to CIC, in terms of the number of smart vehicles sold in 2024 with such SoCs installed.

Our Market Opportunities

The rapid proliferation of large AI models has highlighted the need to integrate AI across a wide range of applications. However, according to CIC, several critical challenges currently hinder the widespread deployment and seamless integration of AI models into everyday use.

- ***Insufficient supply of high-performance, specialized AI inference chips.*** While GPUs have served as the industry's initial solution for AI training due to their parallel processing capabilities, they are fundamentally mismatched for inference workloads, suffering from excessive power consumption and high costs. These limitations have exacerbated critical bottlenecks in edge and on-device deployment—most notably the "memory wall" (bandwidth constraints) and "data wall" (real-time processing bottlenecks)—which hinder the performance of traditional chips in AI inference scenarios. As AI adoption accelerates, this widening performance gap has created an urgent demand for purpose-built, high-performance AI inference processors capable of delivering power efficiency and cost-effective deployment at scale.

- ***Growing demand for edge and on-device computing.*** The widespread adoption of large AI models hinges on their seamless integration into edge and endpoint devices. While cloud-based inference has been the traditional approach, it faces fundamental limitations—including high latency, significant operational costs, and data privacy risks—that impede real-time performance and scalable deployment. This has created surging demand for specialized edge and on-device AI inference chips capable of delivering: (i) powerful localized processing, (ii) near-instantaneous response times, (iii) cost-efficient operation, and (iv) robust privacy protection.

Addressing these key industry challenges could unlock a vast and rapidly growing market for edge and on-device AI inference. According to CIC, the global market size for edge and on-device AI inference chips reached RMB379.2 billion in 2024 and is expected to expand to RMB1,612.3 billion by 2030, with a CAGR of 27.3% during the period. Specific application scenarios, such as visual on-device, smart driving, and edge inference, are projected to reach global market sizes of RMB7.5 billion, RMB114.6 billion and RMB726.2 billion by 2030, further emphasizing the tremendous growth potential in this sector.

We tackle the key industry challenges by leveraging our technology platform that embodies an integrated and universal architecture, through which we have developed a rich set of high-performance, specialized AI inference SoCs that optimally balance efficiency, power consumption, and cost, thereby establishing a robust hardware foundation to resolve the industrial challenges, meet the growing demand for edge and on-device AI inference, and capitalize on the significant market opportunities ahead.

Our Technology Platform

Our technology platform follows a dual-track approach for development, integrating both iterations of IP cores for technological advancement and repurpose of IP cores for horizontal domain expansion. On the one hand, through iterative refinement, we incorporate the latest technological innovations, industry advances, and market feedback into our IP cores, enabling us to maintain technological leadership while enhancing product reliability and appeal. On the other hand, we maximize reuse of our IP cores, such as the Axera Neutron mixed-precision NPU and Axera Proton AI-ISP, across diverse applications to reduce R&D costs and accelerate time-to-market, enhancing our business scalability and enabling effective horizontal expansion. The platform's extensibility is further strengthened by the Pulsar2 development toolchain and our mature SDK, which together provide our customers and partners with comprehensive resources to build advanced AI applications.

- ***Axera Neutron NPU.*** Dynamically selects numerical precision, such as INT4, INT8 and INT16, based on varying computational requirements, our Axera Neutron NPU employs a multi-threading, heterogeneous, and multi-core design that tightly integrates memory with processing units. This architecture delivers fundamental efficiency gains through two key mechanisms: (1) reducing computational overhead by optimizing for neural network operations, and (2) minimizing unnecessary data transfers through memory hierarchy design. Additionally, our Axera Neutron NPU has native compatibility with mainstream AI models—including those based on Transformer (one of the most popular AI model architectures, being the foundation of nearly every major large AI models in use today) and convolutional neural networks ("**CNN**") (another mainstream AI model architecture, particularly useful for visual datasets such as images or videos) architectures—ensures large-scale seamless deployment of AI models across edge and endpoint devices. This dual capability of high efficiency and broad compatibility establishes our technology as a versatile hardware foundation for next-generation AI applications.

- ***Axera Proton AI-ISP.*** Leveraging the power of the Neutron NPU and AI algorithms, the Proton AI-ISP improves traditional image signal processing by optimizing key stages of the processing pipeline, resulting in superior pixel-level image quality. This technology enables "night-as-bright-as-noon (黑夜如白晝)" imaging in low-light environments, ensuring that high-quality images and video data as input to downstream AI inference tasks such as object detection, image segmentation, image classification etc.

- ***Pulsar2.*** Pulsar2 toolchain serves as a solution for converting, optimizing, and deploying neural networks on our SoCs, emphasizing efficiency, safety, and ease of use. It integrates model conversion, quantization, and compilation, supports leading frameworks, and is ISO 26262:2018 TCL 3 certified for automotive safety. With developer-friendly kits and deep hardware-software integration, Pulsar2 toolchain optimizes performance and is suited for large-scale AI deployment.

- ***SDK.*** Our stable and mature SDK is a package that includes an easy-to-use application programming interface ("**API**") and turnkey tooling. It enables developers to leverage the same API across multiple SoCs and efficiently produce, test, and efficiently develop various full featured applications and products, supporting rapid and scalable product roll outs.

Our Product Matrix

Our technology platform enables a strategically diversified product portfolio that addresses multiple high-growth verticals while maintaining adaptability to evolving market demands. Our products primarily consist of SoCs and related products, designed for (i) visual on-device, (ii) edge inference, and (iii) smart vehicle, all of which can be integrated into diverse end products. In 2024, we are ranked the largest supplier of mid-to-high-end visual on-device AI inference chips by shipment, demonstrating both the market traction of our offerings and our core technological strengths. This established product line serves as the springboard for our expansion into adjacent high-potential markets, including smart vehicle and edge computing, where we are seeing accelerating adoption of our products. Our platform approach ensures all product lines benefit from shared R&D advancements while maintaining their specialized optimization for distinct use cases.

On-device Computing

We have been at the forefront in the field of visual on-device computing, delivering high performance products centered on SoCs for smart vision perception, which are primarily deployed in IP and coaxial cameras. Our solutions deliver exceptional visual quality—clear, smooth, and stable outputs and excellent night vision—while achieving breakthrough efficiency through optimized power consumption, reduced transmission latency, and advanced video stream compression. Our comprehensive product portfolio is designed to meet the full spectrum of market needs, with dozens of commercialized SoC variants optimized for high-end, mid-range, and entry-level segments. As of September 30, 2025, our cumulative shipments exceeded 157 million visual on-device computing SoC units, which are widely utilized in applications such as detecting, transportation, and other on-device AI inference scenarios related to visual perception. According to CIC, we were the fifth largest provider of visual on-device AI inference chips globally, in terms of shipment volume in 2024, with a market share of 6.8%, and ranked first in the mid-to-high-end segment with a market share of 24.1%.

Smart Vehicle

As our technological capabilities continue to mature and our product applications diversify, we strategically expanded into the smart vehicle sector. Recognizing the critical need for superior computing power, enhanced power efficiency, and uncompromising operational stability to ensure road safety, we began developing dedicated smart vehicle SoCs in 2021. As of the Latest Practicable Date, we had successfully launched and commercialized three smart vehicle SoCs, the M55H, M57 and M76H, designed for L2 and L2+ ADAS applications, respectively. According to CIC, we were the second-largest domestic smart driving SoC provider in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed. Our on-device computing products, smart vehicle products, and edge AI inference products are mutually exclusive. In particular, the customers and market activities related to smart vehicle chips are unique, as they primarily involve sales to automotive OEMs and Tier 1 suppliers through design wins, which differ significantly from the customer base and market dynamics of edge and on-device products. In some cases, as required by automotive OEMs and Tier 1 suppliers, we also sold our smart vehicle products through distributors. In these cases, distributors only act solely as a channel as we directly engage with automotive OEMs and Tier 1 suppliers prior to sales. All of our smart vehicle products have passed relevant automotive-grade certification.

- ***M55H SoC.*** As our inaugural product in the smart vehicle domain, the M55H SoC supports L2-level ADAS functions and smart cockpit applications, including camera monitoring system ("**CMS**") and driver monitoring system ("**DMS**"). It achieved vehicle integration and entered mass production in March 2023. The M55H SoC quickly gained recognition among top Tier 1 suppliers and automotive OEMs, owing to its exceptional performance in safety, stability, power efficiency, image quality, and cost-effectiveness. As of September 30, 2025, cumulative shipments of the M55H SoC reached over 516 thousand units since its launch. According to CIC, it is one of the fastest domestically produced smart vehicle SoCs to achieve mass production exceeding 100,000 units in a single series.

- ***M76H SoC.*** With enhanced computational capabilities, equivalent to up to 60 trillion operations per second ("**TOPS**") on certain models, the M76H SoC is designed for L2+ ADAS applications and offers competitive performance in both Transformer and bird's eye view ("**BEV**") tasks. Additionally, it features an integrated, always-on drive-and-park passive thermal management domain control function, which enables advanced functionalities such as highway navigation on autopilot ("**NOA**"), urban intelligent cruise assist ("**ICA**"), automated parking, and memory parking. The M76H SoC secured three design wins with Tier 1 suppliers as of the Latest Practicable Date.

In addition, we are actively developing new SoCs for smart vehicles to meet the increasing demand in the global market. Specifically, we have developed the M57 SoC, which is designed to meet stringent international automotive-grade standards, to expand our global reach in the L2 ADAS applications with improved computing performance, energy efficiency, and functional safety. Furthermore, to support higher levels of smart driving, we are developing advanced SoCs, such as the M97 series, which will feature significantly enhanced AI computing capabilities, multi-sensor fusion support, and scalability for more complex smart driving scenarios. Leveraging our deep technical expertise, extensive know-hows, and an expanding customer base, we plan to introduce more advanced smart vehicle SoCs in the coming years.

Edge AI Inference

Building on our successful experience in on-device computing and smart vehicle applications, we have pushed the envelope for what is possible with AI at the edge. Edge AI inference is an emerging and promising application scenario that brings data processing closer to the sources, enabling real-time decision-making, reduced latency, enhanced privacy and improved operational efficiency. We have established technological leadership in this critical growth segment through our 8850 series SoCs, a dedicated edge AI inference platform launched in 2023 that delivers competitive performance of 72 TOPS at INT4 precision. This solution is engineered to support diverse edge AI deployments, delivering high-performance computing with ultra-low power consumption, which in turn enables scalable, distributed intelligence across emerging applications.

In addition to its advanced mixed-precision computing capabilities, the 8850 series SoCs feature robust connectivity and scalability, efficient thermal management, and enhanced security, which are critical factors for delivering a comprehensive, low-latency edge AI computing experience. Since its launch in 2023, the shipments of 8850 series SoCs increased significantly from over 21 thousand units in 2023 to over 100 thousand units in 2024. According to CIC, we ranked as the third largest provider of edge AI inference chips in China, with a market share of 12.2%, in terms of shipment volume in 2024.

Our Platform-based Operational Model

We have established a differentiated platform-based operational model that systematically integrates our technology innovation, product development, and go-to-market strategies to drive scalable growth in the rapidly evolving AI SoC industry, creating significant competitive advantages in time-to-market, R&D efficiency, and margin profile. This approach combines three core elements: (1) our proprietary technology platform encompassing NPU, ISP, and associated IP cores; (2) our mature product development methodology enabling rapid customization across market segments; and (3) an optimized cost structure that leverages design reuse and manufacturing scale. This platform-driven strategy enables us to simultaneously pursue multiple high-growth verticals while maintaining the operational discipline required in the capital-intensive AI SoC industry, positioning us to capitalize on the expanding market opportunities.

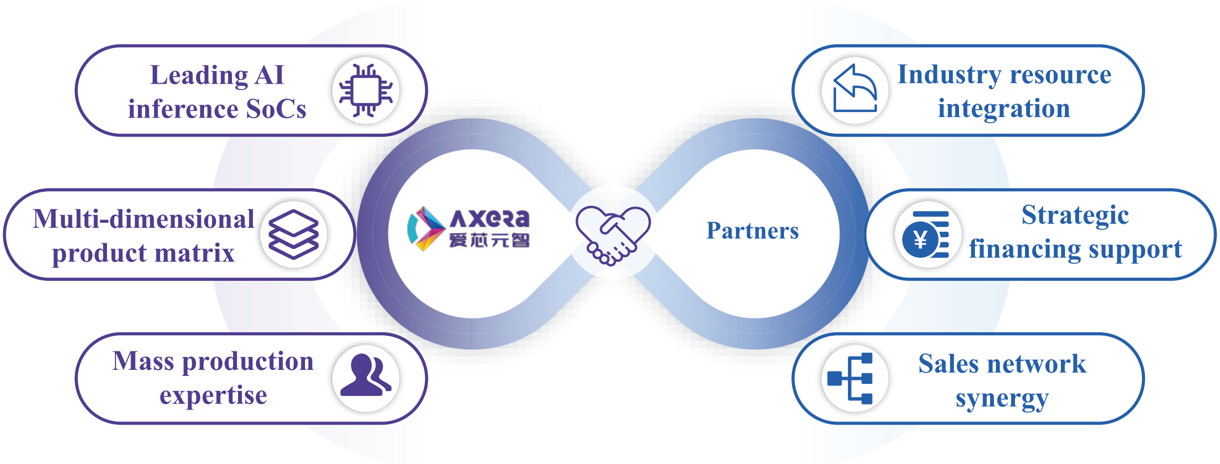
- ***Integrated R&D and sales system.*** We operate an integrated innovation system that combines our R&D, sales, and product teams into a tightly coordinated unit—what we call our "Iron Triangle" operational model. This unique structure creates a continuous feedback loop where: (1) frontline market insights directly inform our technical roadmap, (2) engineering developments immediately address market needs, and (3) application experts bridge implementation gaps. The system's effectiveness stems from our unified workflow processes that synchronize these functions daily, ensuring our technology evolution maintains precise alignment with both current customer requirements and emerging industry trends.

- ***Scalable supply chain.*** We partner with world-class semiconductor suppliers across manufacturing, packaging, and testing to ensure access to leading-edge process technologies and guaranteed production capacity. These strategic alliances enable us to achieve large-scale production while reducing costs. Our scalable supply chain not only enhances product quality and delivery reliability but also significantly lowers the bill of materials ("**BOM**") associated with SoC production.

- ***Collaborative culture and unified growth.*** Our platform-based operational model is further reinforced by unified team and robust management capabilities. We have institutionalized proven integration practices that welcome new team members and acquired talent into our innovation ecosystem, creating: (1) cross-functional alignment through shared technical roadmaps, (2) knowledge and knowhow sharing that reduce onboarding time, and (3) workforce development efforts that maintain cultural continuity during rapid scaling. This culture of seamless integration nurtures efficient teamwork and contributes to mutually beneficial outcomes, laying a strong foundation for unified operations within our platform-based framework.

Our Business Collaboration

Complementing our operational excellence, we have cultivated a network of high-value business collaboration with other industry players that amplify our market reach and technological capabilities. The essence of our mutually beneficial collaboration with our business partners is summarized below.



We have entered into memorandum of understanding and framework agreement with various market players to primarily share insights, jointly participate in industry conferences, and explore innovative applications of AI inference chips. For example, we have entered into a framework agreement with Spreadtrum, a leading fabless chip design company in China, for collaboration mainly through sharing insights for large-scale industrial implementation based on emerging trends and market demands in edge and on-device AI computing. We act as a technical partner, providing AI perception and edge computing chip solutions, and contributing large model AI technologies for edge and endpoint devices. We also co-develop edge AI products and solutions with Spreadtrum. Spreadtrum provides communication and application processor platforms, collaborates with us in technical innovation, policy alignment, and risk management, and jointly explores scalable industry applications. We have also established technical partnerships with key industry players to drive innovation and ecosystem development. With XuanTie, a RISC-V processor IP provider, we integrate their IP into our AI chipsets, conduct joint testing, and support downstream applications, while they provide SDKs, technical documentation, and ecosystem compatibility. Collaborating with Sipeed, an AI hardware developer, we supply SoCs and technical support as they develop open-source boards based on our chips and promote community adoption. Partnering with ModelBest, a leader in LLM models, we provide hardware for model validation, while they offer LLM models and inference scripts for testing. Lastly, with Anker Innovations, a global consumer electronics leader, we supply SoC chips for integration into smart cameras and edge AI products, collaborating on product evaluation and benchmarking.

These collaborations are deep, strategic partnerships that go far beyond standard customer-supplier transactions. Instead of mere buy-sell arrangements, they involve joint technology development, product adaptation, and ecosystem integration. Through these partnerships, we have deepened our connections across the value chain, strengthened our technological synergies, and enhanced our innovation and commercialization capabilities. As of the Latest Practicable Date, we had not made any capital commitments under these collaborations. We aim to solidify these collaborations as we progress in our future operations.

Moreover, our shareholders with industry background and resources have formed strategic, mutually beneficial partnerships with us. On one hand, they have facilitated access to critical industry resources, supported our previous financing efforts, and aligned with our sales networks. On the other hand, by integrating our AI SoCs into their products, they have significantly enhanced their AI perception and computing capabilities, thereby bolstering their overall competitiveness. For example, our shareholders include investment institutions affiliated with Shanghai Weihao Chuangxin Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司), which hold robust industry resources within AI industry. These resources are underpinned by its broad network and deep experience across the semiconductor and AI ecosystem, including collaborations with packaging and testing service providers, algorithm developers and AI solution companies in areas such as smart vehicles and industrial applications, as well as its access to local industrial parks, policy channels and professional talent. We have benefited from these resources by identifying and engaging potential business partners, exploring joint development opportunities, and gaining improved access to market information in the region. These collaborations have successfully diversified our product applications and amplified our market reach across multiple industry verticals.

OUR STRENGTHS

Established market position in China's edge and visual on-device AI inference chip market

We are a provider in China's edge and visual on-device AI inference chip market. According to CIC, we ranked as the fifth largest provider of visual on-device AI inference chips globally and the third largest provider in China in the realm of edge AI inference in terms of shipment volume in 2024. Despite being established only six years ago, we have already secured a market-leading position across multiple application scenarios, as evidenced by our continuous product innovation and expansion.

- As of September 30, 2025, we had independently developed and commercialized five generations of SoCs, spanning dozens of types, that have achieved large-scale production in visual on-device computing, smart vehicle and edge AI inference applications.

- As of September 30, 2025, our cumulative shipment volume of visual on-device computing SoCs exceeded 157 million units. According to CIC, we have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024. According to the same source, we were ranked first in the mid-to-high-end visual on-device AI inference chips, which feature computational power of no less than 1 TOPS, based on shipment volume in 2024.

- As of September 30, 2025, we had commercialized and sold over 518 thousand units smart vehicle SoCs. According to CIC, we were the second-largest domestic provider of smart driving SoCs in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed.

- According to CIC, we were the third largest provider of edge AI inference chips in China based on shipment volume in 2024.

In the AI SoC industry, we recognize that commercial-scale deployment represents both a competitive requirement and a strategic accelerator. Scale is instrumental not only in reducing R&D costs through economies of scale, but also in accelerating technological progress, thereby establishing industry barriers and overall competitiveness. Despite our relative youth, we have rapidly established a leading position in terms of volume, positioning us strongly for continued growth.

All-around technological capabilities and strategic insight

As a dynamic, rapidly growing company founded in 2019, we pride ourselves on our deep understanding of emerging technological trends. Our prescient technology roadmap decisions and innovative design approach have yielded a differentiated portfolio of SoCs that combine high performance with market-ready practicality. This strategic foresight, coupled with our agile development methodology, has enabled us to rapidly establish industry recognition while maintaining technological leadership across our product lines.

High performance and energy efficient NPU. Our AI SoCs incorporate NPUs that support mix-precision computing, a novel approach to enhance inference speed and reduce memory bandwidth demands. By enabling the dynamical allocation of lower-precision formats for memory-intensive tasks and higher-precision formats for operations that require greater accuracy, our mixed-precision SoCs achieve optimal performance while minimizing power consumption and latency. The technology's unique ability to enable precision allocation in real-time allows deployment of sophisticated AI models on resource-constrained edge devices without compromising accuracy, delivering high performance per watt that has become a hallmark of our product portfolio.

We adopt an AI algorithm-hardware co-design approach (軟硬一體設計) in our SoC design. We have directly integrated innovative heterogeneous multi-core parallel computing mechanism into our SoC design, focusing on core processing tasks to enhance efficiency and reduce memory usage. Our SoCs utilize the programmable Domain Specific Architecture ("**PDSA**") (a programmable computer architecture specifically tailored to operate very efficiently within the confines of a given application domain in contrast to general-purpose architectures, such as CPUs, that are designed to operate on any computer program), featuring AI processor optimized for neural network primitives and tensor operations. As a result, our NPU achieves up to 10 times higher throughput per watt compared to traditional solutions based on GPU architecture, according to CIC. This design philosophy ensures deterministic latency performance and supports complex AI models within edge computing power constraints.

Innovative AI-ISP technology. Our Axera Proton AI-ISP is the world's first AI-ISP technology commercialized at scale, according to CIC, marking a significant milestone in the computer vision industry. Among the dozens of modules in the traditional ISP processing pipeline, we have pinpointed and enhanced the key modules that directly impact visual perception using advanced AI technologies. These improvements include high-dynamic range ("**HDR**") enhancement for dynamic light rendering, 3D noise reduction ("**3DNR**") for superior noise suppression, real-time tone mapping ("**RLTM**") for dynamic tonal management, and optimized demosaicing. By integrating our AI-ISP solution, cameras can achieve real-time, full-color, and precise image reproduction without compromising real-time performance, even under ultra-low light conditions (below 0.01 luminous flux per unit area) without requiring additional external lighting. This breakthrough not only delivers high color saturation but also ensures that moving objects are captured with minimal motion blur, distortion, or ghosting, truly revolutionizing visual perception in traditional low-light and dark scenarios.

End-to-end system-level optimization. Our technology extends beyond chip architecture to encompass full-stack optimization of the AI processing pipeline. By holistically refining every stage—from data pre-processing to post-processing—we eliminate computational redundancies while maximizing hardware utilization. The optimization framework intelligently coordinates memory allocation, parallel processing, and data flows to extract maximum performance from our silicon, resulting in consistently superior throughput across diverse neural network architectures. These system-level innovations complement our architectural advantages to provide customers with complete, production-ready AI solutions rather than just processing components—a critical differentiator in edge and on-device deployments where total system efficiency determines commercial viability.

Proven capabilities in research, development and commercialization fuel our growth

Platform-based research and development driving vertical iteration and horizontal expansion

Our integrated R&D platform represents the foundation of our technological leadership, enabling both continuous refinement of IP cores and horizontal market expansion through systematic IP reuse. This integrated platform enables our engineers to rapidly deploy and iterate new products by effectively leverage existing IP cores, thereby avoiding redundant work.

Continuous iteration of IP cores. Our standardized IP cores, which embody our accumulated knowledge and experience, are continuously refined and enhanced by integrating technological innovations, industry advancements and incorporating valuable market feedback from prior product iterations. This iterative process lays a solid foundation for sustaining the leading edge of our technologies, as well as enhancing the reliability and scalability of all our products, ensuring long-term market success. Within just six years, our continuously evolving IP cores has facilitated the launch and commercialization of five generations and numerous types of AI inference SoCs.

Horizontal domain expansion. The adaptability of our IP cores, such as Axera Neutron NPU and Axera Proton AI-ISP, enable us to efficiently repurpose these technologies across diverse application scenarios, thereby driving horizontal domain expansion. The synergy between our expertise and products in various domains significantly reduces the time required to introduce new product offerings while cutting associated R&D costs. A prime example is our successful entry into the automotive sector—building on our on-device computing expertise, we developed the M55H smart vehicle SoC and achieved mass production deployment within just two and half years, significantly faster than industry benchmarks. Additionally, our R&D team's capability to conduct cross-domain, platform-based research further bolsters the horizontal expansion of our product matrix.

Tailored development and commercialization strategy to capture the booming AI SoC market

Our cross-domain sales system leverages our expertise and resources across established business areas, enabling us to enter new domains with minimal upfront marketing costs and rapidly achieve widespread commercialization.

Expansive market layout. We excel at identifying key challenges and opportunities within each vertical market, effectively aligning customer needs with our core capabilities in perception and computation. Following our success in visual on-device computing, we strategically entered the smart vehicle market and rapidly increased our market share, quickly emerging as the second-largest domestic provider of smart driving SoCs in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed, according to CIC. Looking ahead, we are making strides into edge AI inference, such as intelligent edge computing centers and robotics. This targeted approach allows us to share IP and supply chain resources across markets while benefiting from economies of scale to reduce research, development, and manufacturing costs.

Prudent growth strategy. We adopt a prudent and methodical approach to development, as exemplified by our smart vehicle product strategy. From the outset, our strategy has been to prioritize segments with the largest addressable market and the most mature, commercially viable technology pathways. Specifically, our initial focus was strategically focusing on the high-growth L2 and L2+ ADAS markets, which align with current mainstream technological capabilities and represent the highest-volume opportunity in the smart vehicle sector. According to CIC, L2 and L2+ systems cater primarily to a segment that accounts for the majority of smart vehicle shipments due to its expansive consumer base. Concurrently, we are advancing our R&D efforts in more advanced automotive technologies, which promise greater autonomy by enabling vehicles to manage complex driving scenarios. To date, we have developed a robust foundation of technology and resources, positioning us to penetrate more advanced automotive markets. Our M97 series is scheduled for launch in the near future, a move strategically timed to capitalize on the growing industry trend towards the large-scale commercialization of advanced automotive solutions. This phased market entry, grounded in near-term scalability and long-term innovation, ensures broad market penetration and positions us to sustainably capture value as the industry evolves toward higher levels of autonomy. We believe that this pragmatic approach is both attainable and sustainable.

A robust industrial ecosystem co-developed with top-tier business partners

Our diverse product portfolio leverages a unified supply chain and distribution network, enabling us to forge an industrial ecosystem in collaboration with leading enterprises across both upstream and downstream sectors. This network effect creates compounding value and provides immediate access to premium market resources when entering new segments, reduces marketing expenditures, and accelerates the establishment of a resilient supply chain and engagement with benchmark customers. By proactively cultivating open, mutually beneficial partnerships with key industry players, we have successfully differentiated ourselves in fiercely competitive markets such as visual on-device computing and smart vehicles, despite being a later entrant. This strategy has laid a solid foundation for sustainable, long-term growth.

Mutual benefits between us and our clients. Across our core markets—edge computing, visual on-device AI inference, and smart vehicles—we pursue a deliberate key customer strategy to accelerate industry adoption and maximize commercialization efficiency. By partnering with leading enterprises in each vertical, we simultaneously validate our technology through high-profile deployments and establish market standards, creating a flywheel effect that drives broader adoption. For instance, in the smart vehicle domain, our direct customers include leading Tier 1 suppliers both domestically and internationally, while our end customers encompass renowned automotive OEMs, such as Motovis and MAXIEYE. In recognition of our technological achievements and outstanding performance in mass production, a renowned Tier 1 supplier honored us with their "Local Footprint Award" (傑出本土化供應商) in 2024. Our focused engagement with industry leaders creates a powerful feedback loop that drives both immediate commercialization and long-term technology leadership. For example, through our collaboration with these Tier 1 suppliers, we supply high-performance, cost-effective smart vehicle SoCs that enable these Tier 1 suppliers to develop competitive solutions for leading automotive brands across multiple product lines. Such Tier 1 suppliers' prompt sharing of the latest OEM requirements and market challenges facilitates the ongoing refinement of our smart vehicle SoCs. Industry insights and development initiatives are crucial in the evolving and highly technical AI chip industry. Such collaborations enable joint development and mass deployment of ADAS solutions based on our smart vehicle products, our expansion to global automotive markets, and co-development of system-level standards and certifications, and will further enable ongoing business development through joint bid for design wins automotive OEMs.

Extensive collaborations to build an industry ecosystem. Beyond our key customers and suppliers, we actively engage with key AI technology companies to foster an industry ecosystem. We primarily partner with companies focused on hardware, AI algorithm and innovative industrial implementation. In particular, we communicate closely with Xuantie, a company that specializes in AI solutions based on the open-source architecture RISC-V to further enhance AI computing capabilities. We will integrate RISC-V processor IP into AI chipset solutions, conduct joint development and testing, and support downstream industry applications, and this partner will provide RISC-V processor IP, SDKs, and technical documentation, while also participating in technology interface definition and ensuring ecosystem compatibility. We have also collaborated with key AI algorithm companies, such as ModelBest and Sipeed. We will provide SoCs and technical support, while collaborating on product definition and ecosystem building, while this partner will develop and promote open-source development boards based on our products and support community adoption. Through close collaboration with such companies, we gain critical technical insights that directly inform hardware optimizations, strengthening the competitive edge of our SoC products. We also partner with companies in emerging market to explore innovative commercialization opportunities. For example, we partner with Anker Innovations, a key consumer electronics company to share insights and ideas regarding advanced products designed for smart manufacturing and smart homes. We will provide SoCs and technical support, as well as support product adaptation and delivery scheduling, while Anker Innovations will integrate our SoCs into new smart camera and edge AI products, collaborating on product evaluation and NPU benchmarking. Powered by our advanced chips, these devices enable edge and on-device intelligent analysis of, educational environments, production quality control, and smart control at home, while providing seamless access to records across multiple devices. Although there is no ongoing projects under co-development at this stage, supported by multiple memorandums of understanding with market players, we aim to solidify these collaborations as we progress in our future operations.

Seasoned and visionary core management team supported by a robust talent pool

The AI chip industry is deeply knowledge-intensive, relying on keen insights into technological and market trends as its primary driving force. Consequently, our success is largely attributable to our management team's extensive industry experience and our robust talent pool.

Our core management team brings over 20 years of expertise in the semiconductor and AI sectors, having held key positions at globally leading technology companies. This wealth of experience equips them to provide strategic guidance and execution support across every stage of our technology development, product design, and business implementation, combining technical foresight with sharp market acumen.

Our founder and Chairperson, Dr. QIU, obtained bachelor's and master's degrees in automation from Tsinghua University and a Ph.D. in electrical engineering from the University of Southern California. She has served in pivotal technical and managerial roles at renowned research institutions and semiconductor companies, including AT&T Labs, Broadcom, and UNISOC, where she led the R&D and mass production of multiple chip products. Our CEO, Mr. Sun, earned a master's degree in microelectronics from the University of Electronic Science and Technology of China. He has held key positions in R&D, project management, and sales at major organizations, amassing comprehensive, end-to-end experience in the chip industry.

Beyond our leadership, we have continuously attracted and retained numerous top-tier technical talents over the past six years, which is a success driven by our growing influence in both technology and business, as well as our proven team management capabilities. As of September 30, 2025, approximately 80% of our workforce comprised R&D personnel, many of which possess in-depth industry experience.

Guided by the visionary leadership of our core management team and supported by the dedicated efforts of our outstanding R&D professionals, we continue to drive technological innovation, accurately capture industry trends, and respond swiftly to market demands.

OUR STRATEGIES

Focus on research, development and innovation in advanced technology

Committed to research, development, and innovation in advanced technology, we are continually increasing our investment to maintain our competitive edge. Our focused development strategy prioritizes iterative enhancements to core technologies—particularly our NPU and AI-ISP architectures—ensuring they remain at the forefront of the industry. By systematically upgrading these pivotal technologies, we aim to sustain a technological leadership in a rapidly evolving AI inference chip market and demonstrate our commitment to the pursuit of excellence and persistent efforts.

In addition to strengthening our existing capabilities, we are committed to actively exploring emerging technologies and applications that address new market demands. We will continue to adjust our research and development priorities dynamically in response to market trends and customer needs, allowing us to identify and address critical industry pain points. By investing in innovative solutions that effectively resolve these challenges and are suitable for large-scale commercialization, we strive to not only enhance our product offerings but also pioneer novel applications within the industry. For example, building on the successful commercialization of two SoC products for smart vehicles, we are developing an integrated cockpit-driving solution. We also intend to upgrade our edge AI inference products to explore a broad range of potential application scenarios. We are confident that this proactive approach will continue to position us to swiftly respond to market shifts, ensuring that we remain agile and ahead of the curve in the face of evolving technological landscape.

Strengthen and optimize our platform infrastructure

Our platform infrastructure serves as the cornerstone of our competitive strength. We are committed to continuously strengthening and optimizing this infrastructure by expanding our portfolio of IP cores. We are systematically enhancing this critical asset through a dual-track approach: organic R&D to develop proprietary IPs and strategic acquisition to broaden our technology portfolio. We expect this strengthened platform to deliver superior responsiveness to evolving market requirements while maintaining our technological edge in fast-moving AI SoC industry.

Equally important is our commitment to strengthening team integration and collaboration. We will consistently consolidate and unify our teams, ensuring that our innovation efforts are both cohesive and efficient. Moreover, we place great emphasis on enhancing the synergy between our research and development team and other key functions, including product development, sales and marketing, to deepen our platform-based capabilities. We believe that this cross-functional collaboration will continue to propel the process of turning breakthrough technologies into market-ready products, thereby reinforcing our position as a leader in the edge and visual on-device AI computing industry.

Continuously launch products and explore overseas expansion

We are committed to enriching our product portfolio based on our core technologies to continuously launch innovative products and broaden our multi-domain layout. We aim to introduce additional edge and visual on-device AI SoCs and smart vehicle SoCs with varying levels of technical specifications to address the diverse needs of our customers. For example, in the smart vehicle sector, while our current offerings include a robust lineup of L2 and L2+ smart vehicle SoCs, we also plan to introduce higher-level and higher-performance SoCs to meet the evolving demands of advanced automotive systems. We anticipate this strategic expansion to enhance market penetration through tailored, high-value products, ultimately reinforcing our market position.

In addition to enhancing our product matrix, we are actively exploring new application areas for our AI SoCs across both edge and on-device scenarios. We aim to continuously deploy emerging solutions in areas such as intelligent edge computing devices and robotics, which are domains that hold significant growth potential for edge AI computing.

Furthermore, building on our established leadership in the Chinese market, we plan to extend our successful experience to international markets. By partnering with global industry key players, we strive to promote the adoption of our advanced AI technologies and products beyond China, thereby marking a truly global impact.

Cultivate a thriving industrial ecosystem with our business partners

Cultivating a thriving industrial ecosystem is central to our long-term strategy. We intend to continuously strengthen industry cooperation by engaging in collaborative research and development efforts and technology sharing with participants across every level of the industry hierarchy. By working closely with our business partners through joint innovation initiatives and shared technical expertise, we look to promote coordinated development throughout the entire value chain. By aligning development efforts and optimizing resource allocation throughout the ecosystem, we are establishing a sustainable framework for long-term technological leadership and market growth.

Strengthen our capabilities through strategic mergers, acquisitions and investments

In line with the market practice, we view selective mergers, acquisitions and investments as a key driver for our growth, enabling us to expand our capabilities in a thoughtful and measured manner. We strategically target companies with strong complementary capabilities and high synergistic potential to our core business. This targeted approach enhances our core capabilities while accelerating product development, allowing us to deliver more comprehensive solutions to the market. For instance, we selectively invest in companies that can enhance our technological capabilities, broaden our sales network, or strengthen customer loyalty. Additionally, we pursue investments that align with our ecosystem-building objectives by strategically deepening our relationships with key upstream and downstream partners. When these strategic allies require support to sustain their growth, our investments not only solidify mutual alliances but also allow us to share in the value growth of high-quality industry assets.

We are confident that this approach helps to cultivate a robust, collaborative ecosystem where both our partners and our company thrive. By efficiently integrating industry resources, we can streamline operations, eliminate redundancies, and avoid reinventing the wheel. We view this strategy as a way to accelerate our market presence and innovation while contributing to a more cohesive and resilient industry value chain.

Attract and retain top-tier talents

We plan to continuously enhance our talent acquisition capabilities by adopting a global perspective, and attract the very best professionals in the AI and chip design sectors. We will actively engage with leading universities and research institutions, an approach that we believe will not only provide us with a diverse pool of candidates but also foster robust collaborations with academic experts. Our comprehensive recruitment strategy includes offering competitive compensation packages, attractive equity incentives, and comprehensive benefits. We expect this multi-pronged approach to ensure that we remain highly appealing in a competitive talent market, enabling us to secure the skilled and innovative professionals who are essential to driving our future growth.

Equally critical to our success is our commitment to cultivating our own talent. We foster an open and inclusive culture of innovation that encourages cross-functional collaboration and the continuous exchange of ideas. With extensive internal training resources and opportunities for external industry engagement, we will continue to empower our employees to participate in new technology and product development initiatives. We believe this will both galvanize their creativity and reinforce their sense of belonging and commitment to our mission. Furthermore, we will continue to offer clear, diverse career development pathways and prioritize employee well-being through comprehensive support programs. Through these measures, we strive to nurture each team member into a long-term, dedicated partner whose growth is inextricably linked to the sustained success and leadership of our company in the global AI chip industry.

OUR VALUE PROPOSITION

Inclusive AI (普惠AI)

We are confident that AI will increasingly become a part of everyday life through various applications. However, relying solely on cloud computing is insufficient to fully address the needs of numerous edge and on-device AI computing scenarios, which demand better privacy protection and data security, greater timeliness, convenience, and proximity to daily activities. Therefore, by offering exceptional edge and visual on-device AI inference chips, we are dedicated to facilitating the deployment of countless AI products and applications that improve the lives of ordinary people, efficiently and affordably. In this way, we steadfastly advance the universalization of AI, making it accessible to all.

Customer Success (成就客戶)

We are committed to delivering a stellar product experience by ensuring the quality of our offerings and enabling our customers to capitalize on our technological strengths. By harnessing our robust technical capabilities, we help customers reduce costs and enhance efficiency, while consistently fostering long-term value creation for mutual success.

Pursuit of Excellence (追求極致)

Our commitment to excellence is evident in our technological innovations and operational improvements. On the technological front, we are driven by relentless innovation, continually leading the AI chip technology advancements. By leveraging our expertise, we consistently push the boundaries of what is possible in edge and on-device AI computing. Operationally, we strive for greater efficiency and comprehensive processes, building sustainable development and supply chain capabilities. This focus on operational excellence ensures that our efforts are both effective and enduring, supporting our long-term growth and success.

Collaboration for Shared Success (協作共贏)

Externally, respecting the division of labor within the industry and sticking to our role in the ecosystem are key to our strategy. We aim to advance alongside our business partners in the industry, fostering a collaborative environment that benefits everyone involved.

Internally, strengthening collaboration among our research and development, marketing, sales, and supply chain management teams is essential. By adopting an integrated approach, we ensure that our efforts are aligned and contribute to the overall success of our organization. We also maintain an open and inclusive attitude towards acquired teams, facilitating smooth personnel integration and leveraging each other's strengths. This approach allows us to capitalize on the unique capabilities of each team member, enhancing our collective performance.

Perseverance (長期奮鬥)

The chip design industry is characterized by extended development cycles, requiring sustained investment and long-term commitment. Each chip takes several years to move from the research phase to mass production and delivery. This lengthy timeline underscores the complexities involved in developing high-performance semiconductor products and the stringent standards they must meet. Historically, it has been shown that only companies dedicated to long-term success, like us, can keep their competitive edge and achieve greatness. In this sector, consistent efforts and long-term commitment, which we dedicate ourselves to, are crucial for staying at the forefront of technological innovation and securing lasting success.

OUR TECHNOLOGY PLATFORM

Overview

The generative AI revolution is gaining momentum, highlighting the urgent need for a new computing architecture specifically designed for AI. Advancements in generative AI so far have mainly focused on server-based training of large AI models. However, we view this as just the beginning, as there is significant potential for widespread technology adoption through AI integration on edge and on endpoint devices, particularly for inference tasks. Edge and on-device AI processing brings unique advantages, as it spares the need to transmit data to a centralized location where actual AI processing happens, thereby reducing delays (latency), power consumption and bandwidth requirement, and protecting the user privacy and data security.

To promote the widespread application of large AI models in daily life, efficient and cost-effective AI inference chips with new architectures, which enable the smooth process of AI inference, are indispensable at the hardware level. We believe that NPU specifically built for AI inference on edge and endpoint devices is the answer. At the core of our AI capabilities is the Axera Neutron NPU, a specialized neural processing unit designed for efficient AI inference with mixed-precision computing, which uses different precision levels within a single operation to achieve computational efficiency without sacrificing accuracy. To achieve optimal performance in these applications, a more integrated approach is essential. SoCs that integrate heterogeneous compute architectures—including CPUs, GPUs, and NPUs specifically optimized for AI inference—are ideally suited for edge and endpoint AI applications. Combining these tailored processors maximizes performance, thermal efficiency, and battery life, enabling seamless and efficient AI inference in resource-constrained environments.

Complementing our NPU is Axera Proton AI-ISP, which is globally the first AI-powered image signal processing technology commercialized at scale, according to CIC. Axera Proton AI-ISP is an advanced image signal processing engine that optimizes visual data in real time and at the pixel level, ensuring high-quality imaging even in challenging conditions. Together, these technologies form the backbone of our SoC products in edge and visual on-device computing, as well as in smart vehicle domains. They also address the two central tasks of edge AI computing, namely “perception” and “computation.” Beyond these core IPs that we can efficiently reuse across various vertical domains to achieve efficient horizontal expansion, we have further enhanced our platform with Pulsar2 toolchain, our full-stack NPU toolchain that streamlines the model conversion, quantization, and deployment process for efficient implementation of mainstream AI models onto our SoC products. Additionally, our SDK provides developers with comprehensive tools and resources to accelerate application development and optimize performance across a wide range of use cases.

Our mastery of advanced technologies in NPU and image signal processing, complemented by our strong engineering capabilities reflected in the Pulsar2 toolchain and the SDK, lays a solid foundation for our integrated technology framework, through which we efficiently reuse core IPs across diverse application scenarios, enabling rapid product iteration and horizontal expansion into new domains. This approach not only enhances our R&D efficiency but also ensures that our technologies remain scalable and adaptable to the evolving demands of the AI SoC industry, thereby enabling continuous design and development of high-performance, power efficient, and cost-competitive AI inference SoC products and related technologies, as well as solidifying our leadership in edge and visual on-device AI computing.

Axera Neutron Mixed-precision NPU

Our in-house developed mixed-precision NPU embeds a key co-design philosophy of AI algorithms and underlying supporting hardware. Additionally, the deployment of AI algorithms for our AI-ISP and AI-Codec is executed on our NPU, which enables seamless integration of our core technologies. Therefore, our mixed-precision NPU serves as the foundation for nearly all of our products, especially our high-end on-device visual perception SoCs, smart vehicle SoCs and edge AI inference SoCs. Our design process begins with thoroughly analyzing the computational patterns of AI model architectures, such as Transformer and CNN, as well as the practical constraints of real-world applications, including latency, power demand and cost. By aligning hardware capabilities with algorithmic needs and deployment requirements, we design mixed-precision NPUs that are optimized for inference workloads, resulting in significant improvements in performance, energy efficiency and cost.

To deploy large AI models in edge and on-device scenarios with constrained hardware resources and energy, efficient quantization algorithms (the process of mapping input values from a large set (often a continuous set) to output values in a (countable) smaller set, often with a finite number of elements) are necessary. Traditional NPUs use fixed formats of 8-bit, 16-bit or floating-point numbers to ensure the precision of AI algorithms. This results in a heavy computational load and a huge demand for memory bandwidth, leading to the issue of “memory wall” and “data wall” in AI computing, which in turn reduces the efficiency of AI processors. In contrast, our mixed-precision NPUs are designed to be flexible, performance-optimized, and memory-efficient to support optimal AI model quantization.

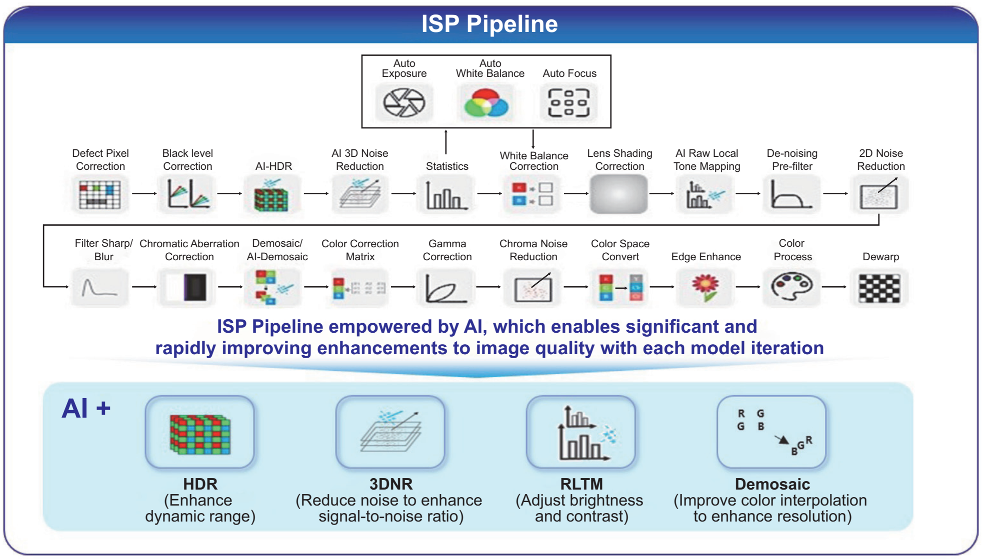
In particular, we break through bottlenecks of “memory wall” and “data wall” by reducing information redundancy in AI algorithms to adopt more concise data representations and lower the redundancy of weights and feature values, thereby improving computational efficiency. Specifically, our mixed-precision NPU can dynamically select numerical precision, such as INT4, INT8 and INT16, based on varying computational requirements. This capability enhances processing speed and reduces latency while also lowering energy consumption during high-precision calculations. For example, INT4 balances speed and accuracy for mainstream intelligent camera applications; and INT8 and INT16 ensure higher precision for complex object detection tasks. Additionally, our mixed-precision NPU can adaptively adjust precision to meet specific task requirements, ensuring an optimal balance between performance and accuracy.

This mixed-precision approach can provide several times the computational power of traditional NPUs within the same chip area while also greatly reducing chip costs and power consumption, making it more favorable for deploying quantized models at edge and on devices. Such flexibility and optimized performance also allow our NPU to cater to a wide array of edge and endpoint AI applications, such as smart visual perception, smart vehicle, AI-powered home hub, and industrial automation, where power efficiency and cost-effectiveness are critical success factors.

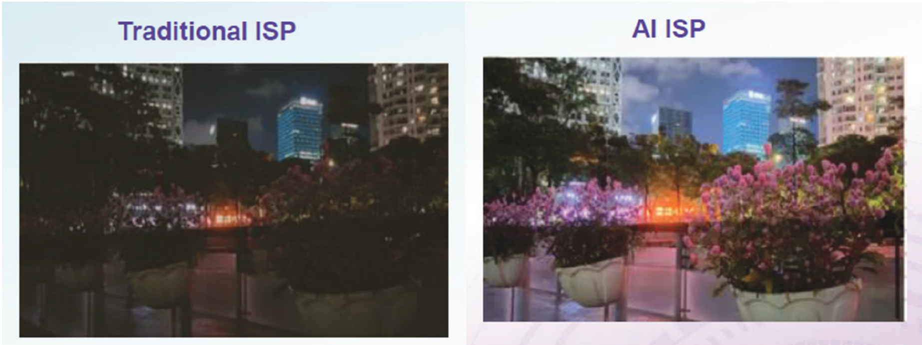
Axera Proton AI-ISP

Good-quality videos and images are crucial input to AI inference tasks such as object detection, image segmentation, image classification, and video analytics, as well as the rapidly emerging field of multimodal models such as VLMs and VLAs. Visual processing stands as a cornerstone of our expertise, highlighted by our pioneering commercialization of AI-ISP technology at scale. Therefore, our Axera Proton AI-ISP approach is essential for nearly all of our products applicable for visual input, especially our high-end on-device visual perception SoCs, smart vehicle SoCs and edge AI inference SoCs.

The ISP pipeline is a series of operations that convert raw sensor data into a final image or video. The steps in this pipeline include black level correction, demosaicing, white balance adjustment, color correction, gamma correction, and noise reduction. The performance of the ISP pipeline is particularly challenging in difficult lighting conditions, requiring more precise adjustments and optimizations. In low-light conditions, these processes encounter challenges such as increased noise, limited dynamic range, and poor color accuracy. Our Axera Proton AI-ISP approach addresses these issues effectively.



Unlike traditional ISP approaches, which rely on hardware upgrades, our AI-ISP approach utilizes our mixed-precision NPU to run AI models that optimize critical image processing modules, such as high dynamic range imaging, 3D noise reduction, real-time motion processing and demosaicing. For example, when processing scenes that contain both bright and dark elements, our AI-ISP approach intelligently adjusts brightness and contrast. As a result, it produces clearer and more accurate images even from a distance, especially in dimly lit settings, by effectively reducing noise and highlighting details at the pixel level. This capability delivers exceptional value in mission-critical applications requiring precise imaging under demanding conditions—from automotive ADAS solutions needing accurate long-range detection to systems that must maintain high-resolution performance in low-light environments for reliable operational decisions.



Note: The contrast between traditional ISP and our AI-ISP video image quality in low-light conditions is illustrated by comparing the two snapshots from videos.

Pulsar2

Pulsar2 toolchain serves as a NPU toolchain for converting, optimizing, and deploying neural networks on our SoCs, featuring efficiency, safety and ease of use. It offers comprehensive, full-stack support for edge and on-device AI model deployment.

- ***Full-stack functional integration and efficient compilation.*** Pulsar2 toolchain employs an integrated framework that unifies model conversion, quantization, compilation, and heterogeneous execution. It supports direct deployment of models from leading deep learning frameworks like PyTorch and TensorFlow without the need for manual modifications to the original model structure. By leveraging mixed-precision optimization and multi-threaded heterogeneous scheduling, Pulsar2 toolchain significantly enhances runtime efficiency.

- ***Quantization and tuning capabilities.*** Pulsar2 toolchain integrates multiple quantization algorithms, including INT4 low-bit compression. This approach can significantly reduce memory usage and bandwidth demands, while keeping accuracy loss within acceptable limits. Such efficiency gains are especially beneficial for resource-constrained edge and endpoint devices. Additionally, Pulsar2 toolchain includes automated accuracy evaluation tools during the quantization process, allowing developers to quickly identify and correct potential accuracy degradation before deployment, thus significantly reducing model iteration cycles and development time.

- ***Automotive-grade functional safety certification.*** Pulsar2 toolchain is the first NPU compiler in China to achieve ISO 26262:2018 TCL 3 automotive functional safety toolchain certification, according to CIC. It supports in-vehicle applications up to the ASIL-D level. The comprehensive safety validation process covers the entire toolchain lifecycle, ensuring reliability in critical applications such as smart driving.

- ***Developer-friendly ecosystem.*** We offer turnkey development kits with our Pulsar2 toolchain, which allow developers to readily access the software toolchain and sample code via open-source repository. The Pulsar2 toolchain also features a visual debugging interface and automated performance analysis tools that lower the entry barrier for edge and on-device AI development, supporting a wide range of applications from smart cameras to in-vehicle computing platforms.

- ***Deep integration of hardware and software optimization.*** Pulsar2 toolchain is tightly integrated with the heterogeneous multi-core architecture of our Axera Neutron NPU. Through dynamic memory allocation and pre-scheduled data flow mechanisms, compute performance can be flexibly scaled up to 256 TOPS, which bring multiple benefits, such as reducing bandwidth usage and inference latency.

The Pulsar2 toolchain, with its robust safety certification, exceptional quantization efficiency, and developer-centric design, serves as the cornerstone of our strategy to drive large-scale edge and on-device AI deployment.

SDK

Our stable and mature SDK is a package that includes an easy-to-use API and turnkey tooling. It enables developers to leverage the same API across multiple SoCs and efficiently produce, test, and ship various full-featured applications, supporting rapid and scalable product roll outs. The unified API architecture eliminates the need for repetitive adaptation to different chip models, significantly streamlining development and shortening time-to-market for our customers.

Our SDK is complemented by extensive development resources, including comprehensive documentation, detailed user manuals, a robust logging system, and advanced tools for online debugging and performance analysis. It also provides a wide range of sample modules and scenario-based application demos, supporting efficient implementation from basic image processing to complex AI inference tasks. These features empower developers to maximize the performance of our chips, even under strict memory or resource constraints, and to fully utilize advanced functions such as AI-ISP for superior imaging.

Adopted by hundreds of customers and partners, our SDK has become the preferred platform for developing innovative AI vision products across multiple industries—such as smart cameras, automotive electronics, industrial devices, and edge AI systems. Its strengths in compatibility, efficiency, and scalability have made it a key enabler for our customers' commercial success and a cornerstone of our technological leadership in the intelligent vision sector.

AI-Codec

Our AI-Codec technology offers robust video encoding and decoding capabilities, essential for applications requiring high-quality video processing. Codec is a coder that compresses the signal for data transmission and a decoder that expands the signal when received. It is typically used to compress and decompress digital video, reducing file size for efficient storage and transmission.

AI-Codec delivers comprehensive video processing with support for H.264, H.265, and next-generation standards including SVAC3 and AVS3. Our proprietary AI algorithms—inspired by human visual system ("**HVS**") principles—dynamically optimize image quality, effectively suppressing motion artifacts like blur and smearing. The solution achieves breakthrough efficiency in video compression, enabling seamless 4K UHD transmission even in bandwidth-constrained environments. With adaptive bitrate control ("**CBR/VBR**") and intelligent optimization, AI-Codec reliably meets diverse streaming requirements. Additionally, we have minimized delay of AI-Codec to millisecond level, ensuring a high-definition and smooth video processing experience. According to CIC, our AI-Codec is among the best tools for encoding and decoding in terms of algorithms, performance, energy consumption and bandwidth in 2024 worldwide.

OUR PRODUCTS

We are a provider of AI inference SoCs, specializing in AI-powered perception and computation platforms for both edge and endpoint devices. Since our inception, we have focused on transforming our advanced technologies into products and realizing large-scale commercial deployment. Our product portfolio spans diverse verticals and development stages, collectively addressing a wide array of AI inference applications, catering to varied customer needs, and adapting to changing market dynamics. We have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024, and the second-largest domestic smart driving SoC provider in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed, according to CIC. In the realm of edge AI inference, we were the third largest provider in China in terms of the shipment volume in 2024, according to the same source.

The following table sets forth the breakdown of the shipment and average selling price by product type, for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price	Shipment	Average selling price
		(RMB per unit)		*(RMB per unit)*		*(RMB per unit)*		*(RMB per unit)*		*(RMB per unit)*
On-device computing products	927,885	48.18	46,435,848	4.49	78,419,850	5.70	40,615,270	6.03	38,800,247	6.04
Including:										
Visual perception SoCs	927,885	48.18	28,750,158	6.09	49,927,746	7.24	23,073,441	8.52	23,743,057	7.89
Visual perception auxiliary SoCs and chips	—	—	17,685,690	1.89	28,492,104	3.00	17,541,829	2.77	15,057,190	3.13
Smart vehicle products	145	196.05	160,901	48.48	85,477	78.47	62,408	78.70	272,673	63.30
Edge AI inference products	—	—	21,457	240.39	100,185	185.48	23,724	192.32	90,592	176.43

Our total shipment increased from 928,030 units in 2022 to 46,618,206 units in 2023, and further to 78,605,512 units in 2024, primarily attributable to the continuous business expansion across our major product categories. The increase was primarily attributable to the successful acquisition of Huatu, which significantly expanded our product portfolio and customer base, as well as continued organic growth driven by product innovation and commercialization across our core business lines. The shipment volume of our smart vehicle products recorded a decrease in 2024, mainly as a result of variations in the timing of customer orders and their decisions to incorporate our smart vehicle SoCs into their solutions or smart vehicle models, following a period of rapid growth in 2023 that was driven by increased shipments and new product launches. The year-on-year fluctuation reflects the impact of project-based revenue recognition in this segment. In 2023, our smart vehicle business was in its initial commercialization phase, with only one OEM had commenced mass production of its vehicle models equipped with our chips. This key customer placed substantial orders with us at the end of 2023 based on their internal sales forecasts for the upcoming year. However, as their end-market sales in 2024 were softer than anticipated, they had lower new orders for us during the period. This dynamic was unique to our smart vehicle product segment due to the shipment volume being more driven by the mass production of design wins and the customer concentration inherent in its nascent stage, a contrast to our other business lines which benefit from a more diversified customer base. We are actively mitigating this concentration risk by securing design wins with a broader portfolio of automotive clients, which is expected to reduce our future exposure to the ordering patterns of any single customer and lead to more stable growth. As of September 30, 2025, our cumulative shipments of the M55H SoC had exceeded 516 thousand units, with 40 design wins with OEMs or Tier 1 suppliers. In the nine months ended September 30, 2025, the shipment volume of our smart vehicle products and edge AI inference products both increased significantly, following the ramp-up of sales and expansion of more advanced offerings. However, our shipment of on-device computing products decreased from 40,615,270 units in the nine months ended September 30, 2024 to 38,800,247 units in the nine months ended September 30, 2025, primarily because we terminated certain products which are not our key products based on market demands and our updates of product offerings.

Our average selling price of on-device computing products decreased from RMB48.18 per unit in 2022 to RMB4.49 per unit in 2023, and then increased to RMB5.70 per unit in 2024. Furthermore, our average selling price of on-device computing products remained relatively stable at RMB6.03 per unit for the nine months ended September 30, 2024 and RMB6.04 per unit for the nine months ended September 30, 2025. The decrease in 2023 was primarily due to the significant ramp up of lower-priced products following the acquisition of Huatu, making 2022 and subsequent periods not directly comparable. The subsequent increase in average selling price in 2024 was mainly attributable to continuous product mix optimization and an increased proportion of mid-to-high-end chips. For details, see "—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margin." The average selling price of our smart vehicle products experienced significant fluctuations during the Track Record Period, primarily due to both our products and the overall market being in the early stages of ramp-up. With relatively limited product commercialization in 2022, the market faced immature competition. The average selling price of our smart vehicle products decreased from RMB78.70 per unit in the nine months ended September 30, 2024 to RMB63.30 per unit in the same period in 2025, mainly due to the intensified market competition. The average selling price of edge AI interference products decreased from RMB240.39 per unit in 2023 to RMB185.48 per unit in 2024, and decreased from RMB192.32 per unit for the nine months ended September 30, 2024 to RMB176.43 per unit for the nine months ended September 30, 2025, primarily due to market expansion into a broader customer base and intensified industry competition, which led us to adopt more competitive pricing strategies.

The table below sets forth our revenue breakdown by product category in absolute amounts and as percentages of our total revenue for the years/periods indicated:

	For the year ended December 31,						**For the nine months ended September 30,**			
	2022		**2023**		**2024**		**2024**		**2025**	
	RMB'000 (except for percentages)						*(Unaudited)*			
On-device computing products	44,702	89.0%	208,454	90.6%	447,036	94.5%	244,387	96.1%	234,535	87.2%
Including:										
Visual perception SoCs	44,702	89.0%	175,101	76.1%	361,591	76.5%	195,790	77.0%	187,415	69.7%
Visual perception auxiliary SoCs and chips	—	—	33,353	14.5%	85,444	18.1%	48,597	19.1%	47,120	17.5%
Smart vehicle products	28	0.1%	7,801	3.4%	6,707	1.4%	4,911	1.9%	17,259	6.4%
Edge AI inference products	—	—	5,158	2.2%	18,582	3.9%	4,563	1.8%	15,983	5.9%
Others(1)	5,500	10.9%	8,714	3.8%	567	0.1%	355	0.1%	1,257	0.5%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

For details of the fluctuation of revenue from different products, see "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Income."

The table below sets forth an overview of our selected major chip series developed based on our platform-based architecture and their respective launch time based on the first external sale with revenue recognition, categorized by product type, highlighting the breadth of our offerings across key application areas:

Product Type	Overview	Chip Series	Launch Time
On-device computing products	Visual perception SoCs primarily deployed in IP cameras or coaxial cameras, which are mainly used for smart traffic, smart city, smart home and industrial automation; and visual perception auxiliary SoCs and chips utilized in various use cases associated with visual perception, such as in power over ethernet ("**PoE**"), smoke sensors, and motor drivers for camera rotation bases, which are targeted at non-smart vehicle applications.	AX520 Series (commercialized)	2024Q3
		AX620 Series (commercialized)	2022Q1
		AX630 Series (commercialized)	2021Q2
		AX650 Series (commercialized)	2023Q1
		Multiple series of mid-range and below visual perception SoCs, as well as visual perception auxiliary SoCs and chips (commercialized)	
Smart vehicle products	L2 and L2+ ADAS SoCs and advanced SoCs to support higher levels of smart driving.	M55H (commercialized)	2022Q3
		M57 (commercialized)	2025Q2
		M76H (commercialized)	2023Q4
	Our smart vehicle products have differentiated customer base and marketing strategy compared to on-device computing and edge inference SoCs. In particular, our smart vehicle products are primarily sold to automotive OEMs and Tier 1 suppliers through design wins.	M97 Series (under development)	N/A
Edge AI inference products	Our edge inference SoCs are designed with the flexibility to address a wide range of potential applications other than smart vehicle, such as industrial automation and consumer electronics.	8850 Series (commercialized)	2023Q1
		8830 Series (under development)	N/A
		8860 Series (under development)	N/A
	Our edge inference SoCs enabling various end products such as edge AI box, AI inference acceleration card, and AI inference server.		

The table below provides an overview of how our key technologies are adopted across these product types:

			Axera Neutron NPU	Axera Proton AI-ISP	Pulsar2	AI-Codec	SDK
On-device computing products	Visual perception SoCs	High-end visual perception SoCs	✔	✔	✔	✔	✔
		Other Visual Perception SoCs	/	/	/	/	✔
	Visual perception auxiliary SoCs and chips		/	/	/	/	✔
Smart vehicle products			✔	✔	✔	✔	✔
Edge AI inference products			✔	✔	✔	✔	✔

For high-end visual perception SoCs and smart driving SoCs in the market, certain competitors also utilize NPUs and AI-ISP, either developed in-house or licensed from third parties, as these two technologies are crucial for these products. The adoption of toolchains and SDKs varies across competitors. Notably, we are one of the few companies that have incorporated AI-Codec, which is among the best tools for encoding and decoding in terms of algorithms, performance, energy consumption and bandwidth in 2024 worldwide, into high-end visual perception SoCs. In the field of edge AI inference SoCs, while some competitors rely on GPU-based architecture for these products, we have adopted NPUs, achieving lower costs but greater efficiency. Although some competitors may use similar technologies in their products, our proprietary and comprehensive technologies serve as the foundation for delivering high-performance and cost-effective products. For example, our NPU achieves up to 10 times higher throughput per watt compared to traditional solutions based on GPU architecture, according to CIC. Complementing our NPU is Axera Proton AI-ISP, which is globally the first AI-powered image signal processing technology commercialized at scale, according to CIC. For details, see "—Our Technology Platform."

During the Track Record Period, our product offerings expanded primarily attributable to the successful acquisition of Huatu, as well as the continued expansion in on-device computing products and rapid ramp-up of our sales of smart vehicle SoC and edge AI inference products. For details, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers." Following our acquisition of Huatu in 2023, we have fully integrated the R&D teams and product lines of both Axera and Huatu, implementing a unified and centralized management and operational structure. All R&D projects now operate under an integrated technology and product roadmap with clear strategic objectives. The synergies from this acquisition are demonstrated across several key areas. The product lines used to be differentiated but share underlying technologies and IP after the acquisition of Huatu. There is no commingling of R&D resources; instead, we employ a coordinated approach to maximize technology reuse and optimize product portfolio competitiveness. The integration has created significant market complementarity. Our products have historically addressed the mid-to-high-end markets, while Huatu's offerings focused on the mid-to-low-end segments. This combination has enabled us to achieve comprehensive product coverage across the on-device AI chip market, significantly enhancing our competitive positioning. Furthermore, the acquisition has facilitated technology sharing and enhancement. We have leveraged our proprietary IP—including NPUs and vision processing engines—to upgrade Huatu's product portfolio, successfully enhancing several of Huatu's visual perception SoCs and auxiliary chip products. Concurrently, our self-developed H.264/H.265 encoder IP was enhanced by incorporating Huatu's codec technology. Operationally, the integrated R&D team, comprising members from both Axera and Huatu, now operates under a shared structure, which is the technology platform described in this prospectus. The effectiveness of this collaboration is demonstrated by the recent launch of our high-end visual perception SoC, the AX615, which was developed under the leadership of former Huatu technical experts. By doing so, we also streamlined our R&D structure and effectively controlled our R&D expenses. For details, see "Financial Information — Year/Period to Year/Period Comparison of Results of Operations." In the future, we expect to achieve even more substantial growth, especially from strong organic expansion of Axera, primarily driven by the rapid expansion of our sales of smart vehicle and edge AI inference products.

On-device Computing Products – Our Roots and Core Capabilities

Our on-device computing products primarily revolve around SoCs for visual perception, which are designed to provide customers with clearer, smoother, and more stable high-performance outputs. At the same time, our on-device computing products effectively manage power consumption, reduce transmission latency, and compress video size, ultimately achieve cost reduction and efficiency gains at the SoC level.

As of September 30, 2025, we had commercialized dozens of types of on-device computing SoCs, with a cumulative shipment exceeding 157 million units, which are widely applied in transportation and other AI inference scenarios associated with visual perception. According to CIC, we were the fifth largest provider of visual on-device AI inference chips globally, in terms of shipment volume in 2024, with a market share of 6.8%, and ranked first in the mid-to-high-end segment with a market share of 24.1%.

Our on-device computing product portfolio includes (1) visual perception SoCs and (2) visual perception auxiliary SoCs and chips. Our visual perception SoCs are primarily deployed in Internet Protocol cameras ("**IP cameras**") or coaxial cameras. IP cameras are digital video cameras that send and receive video footage over a network, which are increasingly adopted as a complementary technology in advanced applications, where their digital interfaces enable high-resolution data transfer and AI processing. Coaxial cameras are traditional analog cameras that transmit video signals over coaxial cables, which dominate for low-latency surround-view systems due to their high stability and reliable signal transmission. On the other hand, visual perception auxiliary SoCs and chips are utilized in various use cases associated with visual perception, such as in power over ethernet ("**PoE**"), smoke sensors, and motor drivers for camera rotation bases. PoE chips serve as the backbone of this category.

Visual Perception SoCs

Our visual perception SoC products are specifically designed to process visual data in real time and for a broad range of applications in visual analytics. There are multiple series within our product portfolio, which are strategically designed to address the demands of downstream market segments across the high-end, mid-range and low-end spectrum. The primary differentiators among these series include variations in computational power that supports AI capabilities, the presence or absence of AI-ISP functionality that enables effective night-time imaging, image resolutions ranging from 1080p to 4K and 8K, power consumption, memory capacity and bitrate. These key performance indicators are the primary metrics that our customers focus on when evaluating our products.

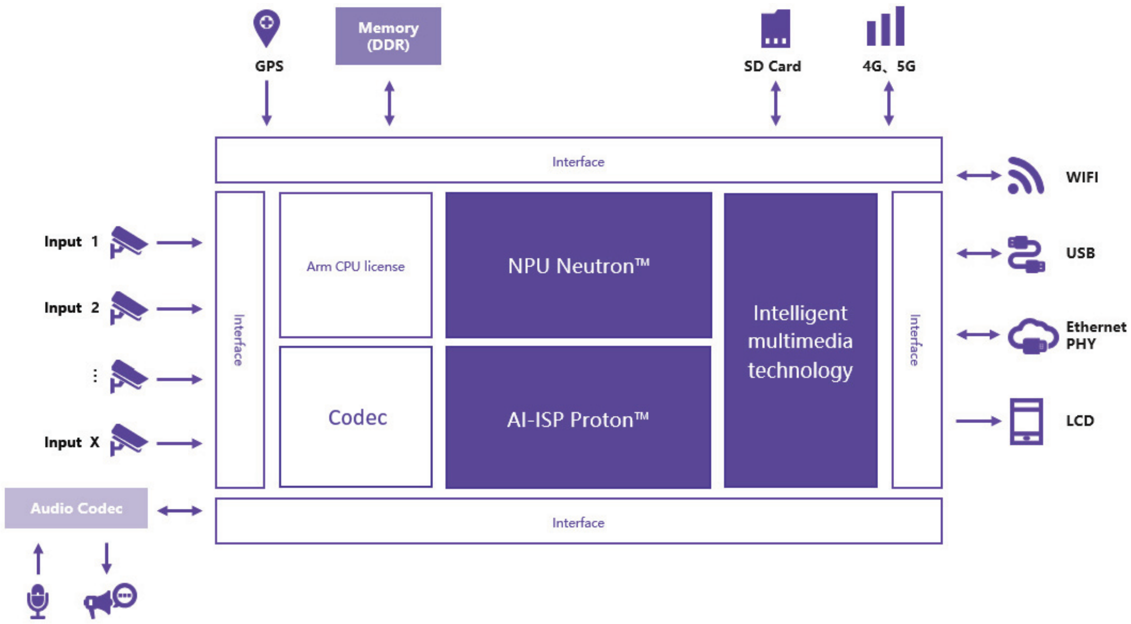
Grouped by endpoint devices, our visual perception SoCs can be divided into two categories: ones that are deployed in coaxial cameras, and the others used in IP cameras.

- The SoC products for coaxial cameras, referred to as coaxial HD SoCs, are currently not equipped with AI inference capabilities. Their on-device computing tasks primarily involve conversion, processing, and transmission of analog/digital signals. They may also feature such as 3D noise reduction, HD image processing, and audio transmission. Our coaxial HD SoCs are deployed in various use scenarios, including in smart vehicles as part of the surround and rearview cameras, where coaxial cameras are integrated as part of smart driving systems. Our established coaxial HD SoCs enjoy broad market adoption as reliable, non-AI solutions. We are now evolving this successful platform by adding AI inference capabilities, enabling intelligent image enhancement while preserving compatibility with installed infrastructure.

- All of our IP camera SoCs come equipped with integrated AI inference capabilities, enabling two key value propositions: AI-ISP for superior image quality (including "night-as-bright-as-noon" low-light performance powered by Axera technology) and local analytics execution at the edge. Our high-end visual perception SoCs deliver over 1TOPS (INT8) computing power for demanding AI workloads, ensuring all solutions can perform meaningful edge processing. This combination of imaging enhancement and on-device intelligence positions our offerings at the forefront of smart camera innovation.

High-end Visual Perception SoCs

Our high-end visual perception SoCs primarily include the SoCs of the AX620, AX630 and AX650 Series. With integrated AI capabilities, they support dedicated algorithms that enhance real-time video processing and intelligent analysis, delivering clear and vivid visuals. Their energy-efficient design ensures wide application in a broad spectrum of working environments. The following diagram illustrates the internal architecture of the AX650A SoC as an example, as well as the external interfaces that enable an AI-powered IP camera solution.



Note: The purple-shaded modules in the internal architecture, namely the NPU, the AI-ISP, AI codec, and the intelligent multimedia technology, are developed by ourselves.

Our high-end visual perception SoCs generally boast the following features supported by our core technologies:

- ***High-performance computing.*** Incorporates our Axera Neutron NPU, with mixed-precision computing power up to 43.2 TOPS at INT4 precision or 10.8 TOPS at INT8 precision. Supports large AI models, including those based on Transformer, enabling endpoint devices to perform sophisticated AI tasks such as text-to-image search, text-to-video search, and intelligent video tagging directly on the camera. Our AX650A also enables simultaneous processing of signals from multiple cameras, expanding the visual scope while maintaining efficient control over computational power usage.

- ***Advanced imaging capabilities.*** Utilizes our Axera Proton AI-ISP technology, generally up to 8K definition at 30fps with 2DOL, supports AI-powered HDR enhancement, 3DNR, RLTM, demosaicing, precise brightness and contrast adjustment.

- ***Intelligent AI-Codec processing.*** Supports both H.264 and H.265 format, 8K encoding at 30 fps and 8K decoding at 60fps. Unlike traditional codec technologies, our AI-Codec leverages advanced algorithms to intelligently analyze and optimize compression rates in a context-specific manner, ensuring efficient bandwidth usage and maintaining high video quality.

- ***Rich interface for connectivity.*** Provides a wide range of interfaces, including MIPI, I2C, SPI, and USB for seamless integration with sensors, storage devices, and peripherals. Supports Ethernet, Wi-Fi, and 4G/5G connectivity for flexible deployment across diverse applications.

Other Visual Perception SoCs

In addition to high-end visual perception SoCs, our mid-range and below visual perception SoCs include low-AI-power SoCs designed to support mainstream market applications, and SoCs designed for coaxial cameras, which are tailored to cover the requirements of the traditional market and general consumer applications. These mid-range and below visual perception SoCs are suitable for application scenarios that have less stringent requirements for sophisticated AI-powered video processing, such as in bright-light settings. They may also be deployed in consumer electronic devices to improve their overall visual processing capabilities.

Overall, with carefully delineated combination of features and functionalities, our visual perception SoCs collectively form a comprehensive product matrix that caters to a vast range of customer demands and preferences, helping us solidify our roots and market position in the on-device computing and visual perception arena.

Visual Perception Auxiliary SoCs and Chips

We offer a range of PoE chips designed to efficiently deliver power and data over standard Ethernet cables. These chips integrate seamlessly into network infrastructures, enabling devices such as IP cameras to receive power and data through a single connection, eliminating the need for separate cables, simplifying installations and reducing costs. PoE chips are widely adopted in the industry and play a crucial role in supporting IP camera applications. By combining our PoE chips with our visual perception SoCs, we provide a comprehensive solution that enables both power delivery and data transmission for IP cameras, enhancing the overall system performance and simplifying deployment. Some of the common features of our PoE chips include:

- ***Compliance with IEEE standards.*** Our PoE chips adhere to IEEE 802.3af/at standards, ensuring reliable and safe power delivery across various network configurations.

- ***High power output.*** Our PoE chips can deliver up to 70W per port over Ethernet and thus support a wide range of powered devices including and beyond IP cameras.

- ***Advanced power management.*** The PoE chips support software programming for power allocation and detection capabilities, optimizing energy efficiency and ensuring that connected devise receive appropriate power levels.

Exemplary Application Scenarios

Our visual on-device computing products have been widely adopted in real-world applications and our end-customers' products, delivering significant value across various industries and everyday settings. A notable example is the deployment of our high-end visual perception SoCs in home cameras, where they enable reliable and high-quality detection, particularly in low-light environments. Traditionally, outdoor cameras relied on supplemental lighting during early dusk hours to maintain visibility, which increased energy consumption and contributed to light pollution in residential areas. By incorporating our proprietary AI-ISP technology, cameras powered by our visual perception SoCs achieve exceptional imaging capabilities, producing clear and vivid visuals with a "night-as-bright-as-noon" effect. This advanced functionality allows supplemental lighting to be delayed until complete darkness, ensuring seamless detection during transitional lighting conditions while significantly reducing energy usage and minimizing environmental impact. Moreover, our visual perception SoCs enable intelligent image processing, decreasing the reliance on expensive high-pixel sensors in end-customers' products while still achieving excellent image quality, thus leading to a technology-driven, substantial reduction in product costs.

Such capabilities are particularly valuable in scenarios like detecting outdoor entrances, driveways, and backyards, where lighting conditions change dynamically after sunset. By automatically optimizing brightness, contrast, and other visual parameters in real time, our visual perception SoCs ensure that cameras deliver consistent and accurate performance, even in challenging environments. We are confident that our high-performance, cost-effective visual perception SoCs hold significant potential across diverse applications—from enabling sustainable smart city solutions to meeting evolving consumer demands for intelligent edge devices. By combining computational efficiency with competitive pricing, our technology is uniquely positioned to drive the next wave of vision-enabled innovations.

Smart Vehicle Products – Growing Combination of On-device and Edge Computing

As our technological capabilities continue to evolve and the application scenarios for our visual on-device computing products diversify, we have turned our attention to the smart vehicle sector, which features both on-device and edge computing and supported by high-performance, stable visual perception and AI computing. On-device computing typically handles energy- and cost-critical and latency-sensitive tasks, such as real-time sensing or visual data processing, whereas edge computing focuses on tasks such as sensor fusion, object detection, and decision-making in real time. Smart driving remains the primary application of these technologies and the core focus of our efforts in the smart vehicle domain. In addition, on-device and edge computing are also being applied in areas such as CMS and DMS, which contribute to improving road safety and enhancing passenger experience. Leveraging technologies and project knowhows from other verticals, we have strategically expanded presence in these areas, further strengthening our ability to enable next-generation smart vehicle functionalities and capture opportunities in this growing sector.

Our smart vehicle product strategy is defined by a prudent and methodical approach to development. From the outset, our strategy has been to prioritize segments with the largest addressable market and the most mature, commercially viable technology pathways. Specifically, our initial focus was strategically focusing on the high-growth L2 and L2+ ADAS markets, which align with current mainstream technological capabilities and represent the highest-volume opportunity in the smart vehicle sector. According to CIC, L2 and L2+ systems cater primarily to economy passenger vehicles, a segment that accounts for the majority of smart vehicle shipments due to its expansive consumer base. In parallel, we are accelerating our R&D in next-generation ADAS technologies, developing more advanced solutions that will empower vehicles to handle increasingly complex driving situations with greater autonomy. To date, we have developed a robust foundation of technology and resources, positioning us to penetrate more advanced automotive markets. Our M97 series is scheduled for launch in the near future, a move strategically timed to capitalize on the growing industry trend towards the large-scale commercialization of advanced automotive solutions. This phased market entry, grounded in near-term scalability and long-term innovation, ensures broad market penetration and positions us to sustainably capture value as the industry evolves toward higher levels of autonomy.

As of the Latest Practicable Date, we had commercialized three SoC products for smart vehicles, namely the M55H, M57 and M76H, which primarily address L2 and L2+ ADAS application scenarios, respectively. Specifically, our M57 SoC, which successfully completed tape-out in January 2025, is designed to address global market needs for L2 ADAS applications with improved computing performance, energy efficiency, and functional safety.

In addition, we are actively developing new SoCs for smart vehicles to meet the increasing demand in the global market. For example, to support higher levels of smart driving, we are developing advanced SoCs, such as the M97 SoC series, which will feature significantly enhanced AI computing capabilities, multi-sensor fusion support, and scalability for more complex smart driving scenarios. Leveraging our deep technical capabilities, rich project know-hows and expanding customer coverage, we plan to introduce higher-level smart vehicle SoCs in the coming years.

L2 to L2+ SoCs

M55H SoC (for L2 ADAS)

As our first product in the smart vehicle sector, the M55H main control SoC supports foundational L2-level ADAS active safety functions, as well as smart cockpit applications such as CMS and DMS. It incorporates our Axera Neutron NPU and Proton AI-ISP technologies to ensure robust computing power, outstanding visual processing capabilities, security, and energy efficiency, and is holistically optimized for smart driving scenarios. Notable features of the M55H SoC include:

- ***Efficient computing power for AI algorithms.*** With Axera Neutron NPU, M55H is equipped mixed-precision computing power of up to 8 TOPS. By supporting low-bitwidth mixed precision, M55H allows for the continuous evolution of AI algorithms associated with smart driving and delivers fast yet accurate computing results in an energy-efficient manner.

- ***Advanced visual processing capabilities.*** With our Axera Proton AI-ISP technology, the M55H SoC is optimized for sensor modeling and visual processing. Visual processing capabilities enabled by M55H SoC include full-color imaging in dark, AI-powered HDR enhancement, demosaicing, and multi-spectral fusion with RGB-IR support and latency optimization, among others. M55H SoC can process up to 12 channels of HD camera inputs. Collectively, these features enable vehicles to better perceive complex driving environments and ensure safe driving even in dim lit scenarios.

- ***Comprehensive data security features.*** M55H is the first domestically produced ADAS SoC that fully supports closed-loop data processing in China, according to CIC. It is designed with security features such as hardware-level data encryption and desensitization coding, which are aligned with industry standards.

- ***Optimized energy efficiency for thermal management.*** M55H features optimized thermal designs to enable heat dissipation with low power consumption. Under operating conditions of 125°C, the M55H achieves a power consumption level of no more than 3.2W, highlighting its exceptional energy efficiency. This high level of performance has supported its widespread adoption in smart front-view integrated solutions, as well as its integration into CMS electronic rear-view mirror systems and DMS applications.

The M55H SoC adheres to international quality benchmarks. It has undergone a comprehensive FMEDA (failure modes, effects and diagnostic analysis) assessment on functional safety for ADAS integrated system and CMS applications, and we have also developed a diagnostic fault reporting mechanism to bolster safety. M55H SoC meets the functional safety requirements expected by automotive OEMs for ASIL B applications. In addition, the M55H SoC satisfied AEC-Q100 Grade 2 standards and complies with various environmental regulations, including RoHS, halogen free and REACH.

Our M55H SoC achieved vehicle integration and entered mass production in March 2023. The solution has been rapidly adopted by leading Tier 1 suppliers and automotive OEMs, validating its market-leading performance and design excellence. As of September 30, 2025, our cumulative shipments of the M55H SoC had exceeded 516 thousand units, with 40 design wins with OEMs or Tier 1 suppliers. According to CIC, M55H SoC is the fastest domestically produced smart vehicle SoC to achieve mass production of over 100,000 units in a single series. The rapid mass production of this SoC contributed to our rise to becoming the second-largest domestic provider of smart driving SoCs in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed.

M57 SoC (for L2 ADAS with more advanced features)

The M57 SoC is a more advanced product compared to the M55H SoC, featuring enhanced capabilities to support L2 ADAS with more advanced features. As of the Latest Practicable Date, the M57 SoC has commenced production with revenue-generating shipments to multiple leading Tier 1 suppliers for vehicle integration and validation. The M57 SoC is designed to fully comply with global automotive-grade specifications and safety certification systems, ensuring that smart vehicles incorporating the SoC to meet regulatory requirements in overseas markets. Combining high computing performance, energy efficiency, and functional safety, it is holistically optimized for smart driving scenarios, supporting both standalone ADAS function and small-scale domain controlling application. Notable features of the M57 SoC include:

- ***Global market adaptability and compliance.*** The M57 SoC is designed to meet stringent international automotive-grade standards and global environmental regulations. Its compliance with established safety certification systems, such as AEC-Q100 Grade 2 and the ASIL-B, and alignment with emerging regulatory frameworks like E-NCAP 2026 ensures its applicability in diverse markets and supports efforts to meet various regional requirements.

- ***High-performance AI computing for multi-camera processing.*** The M57 SoC delivers a computing power equivalent to 10 TOPS at INT8 precision when executing certain models, enabling simultaneous processing of up to eight HD camera inputs. This capability supports real-time perception and decision-making in complex driving environments, such as urban traffic, highway navigation, and low-visibility scenarios.

- ***Energy-efficient design for compact smart driving systems.*** Featuring an ultra-low power consumption architecture with support for passive cooling, the M57 SoC is optimized for space-constrained applications, such as small-scale domain controllers with integrated ADAS function. This design ensures cost-effectiveness while maintaining reliable system performance and reducing thermal challenges in compact designs. The energy-efficient design also allows the M57 SoC to empower internal combustion engine ("**ICE**") vehicles with smart driving capabilities.

- ***Radar signal processing and vision-radar sensor fusion***: The M57 SoC is highly capable of radar signal processing and sensor fusion applications. It features a highly efficient and flexible NPU that is extensively optimized for digital signal processing tasks. In addition, the M57 SoC provides a rich set of chip interfaces, enabling seamless integration and fusion of radar and vision signal processing workloads.

With its global compliance, advanced capabilities, and compact design, we anticipate M57 SoC to become an essential component in advancing smart driving technologies and contribute to the development and deployment of smart driving systems across international markets.

M76H SoC (for L2+ ADAS)

Compared to the M55H and M57 SoCs, the M76H SoC is designed for more sophisticated ADAS tasks to provide real-time driving and parking assistance. With enhanced computing power, it is deployed for L2+ ADAS applications and delivers competitive performance in both Transformer and BEV tasks. The M76H SoC features an integrated, always-on drive-and-park passive thermal management domain control function, enabling advanced functionalities such as high-speed NoA, urban ICA, automated parking, and memory parking. Notable unique features of the M76H SoC are set forth below:

- ***Robust computing power supporting BEV and beyond.*** Integrated with heterogeneous multi-core NPU V3 architecture, the M76H delivers an equivalent computing power of up to 60 TOPS when executing certain models and supports low-bitwidth mixed precision, featuring high-efficiency tensor cores optimized for Transformer and BEV applications. M76H also harbors 8-core high-performance CPU and dual-core vision digital signal processor ("**DSP**") to support visual simultaneous localization and mapping ("**VSLAM**"), radar data processing, and simultaneous handling of multiple high-resolution video streams.

- ***Energy efficiency.*** The M76H enables passive cooling domain control to reduce power consumption for efficient thermal management, which in turn supports the optimal performance of advanced smart driving functionalities that require intensive computational workload and place significant demands on both power consumption and thermal management, such as full-time driving and parking systems, enabling high-speed NoA and urban ICA, among others. By eliminating the need for complex cooling solutions like liquid cooling or fans, M76H simplifies system design, reduces costs, and enables broader adoption of smart driving across a wide range of vehicle types, including ICE vehicles.

The M76H SoC adheres to the ISO 26262:2018 functional safety standard for road vehicles and has achieved ASIL B certification. Its AI toolchain, Pulsar2, has achieved TCL3 certification, making it suitable for deployment in systems up to ASIL D. In addition, the M76H SoC meets the AEC-Q100 Grade 2 requirements and is compliant with various environmental regulations, including RoHS, HF and REACH. We are actively engaging with potential customers to pursue future design wins for the M76H SoC.

More Advanced SoCs under Development

Building on our successful track record in commercializing SoC products for smart vehicles, we are developing the M97 SoC series and other SoCs, to further enhance vehicle autonomy in complex driving environments. In addition to advancing our ADAS capabilities, we are also engineering an integrated cockpit-driving solution that seamlessly unifies interior interface systems with vehicular automation.

M97 SoC Series

Currently under development and targeted at high-tier market, the M97 SoC series is being tailored to power more advanced smart driving capabilities and smart cockpit applications. It is positioned as our next-generation flagship product and marks a significant leap forward in our portfolio.

By integrating robust computing power and safety features, the M97 SoC series is engineered to drive the evolution of advanced smart driving capabilities with exceptional performance, safety, and efficiency. It is designed to support complex driving scenarios such as urban NOA, conditional autonomy, and other advanced functionalities that demand real-time decision-making and multi-sensor fusion.

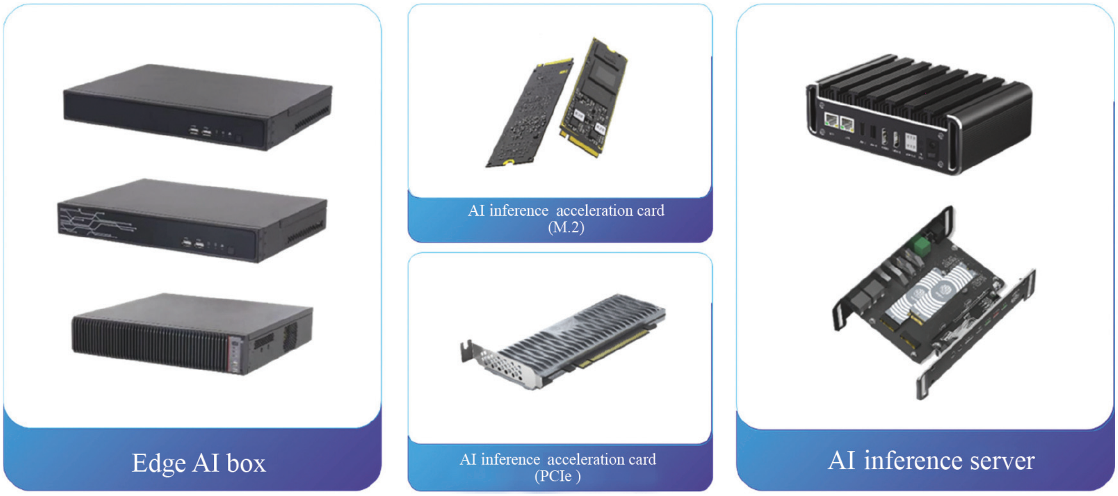
With an anticipated launch in the third quarter of 2026, we expect the M97 SoC series to deliver competitive performance and set a new benchmark for next-generation technology.

Complementing our future flagship M97 SoC series, we are also developing other products to provide a robust foundation for smart driving systems in mid-tier markets. By addressing the growing demands of modern smart driving systems, the additional products under development are poised to play a crucial role in broadening our portfolio and delivering solutions that meet diverse market needs.

Edge AI Inference SoCs – Tapping into Emerging and Vast Application Scenarios

We view edge computing as representing a transformative shift in the deployment of AI inference applications, offering a strategic intermediary between on-device and cloud-based computing. Unlike on-device computing, which may be constrained by the limited processing power and energy resources of individual devices, edge computing leverages local gateways to deliver robust computational capabilities. As compared to cloud-based computing this paradigm minimizes latency by processing data closer to its source, ensuring real-time responses that are critical in a number of application scenarios. In addition, by reducing the need for constant data transmission to centralized cloud servers, edge computing enhances data privacy and reduces bandwidth consumption, making it an increasingly attractive approach for modern AI applications.

Our edge inference SoCs are designed with the flexibility to address a wide range of potential applications across industrial automation, retail, and other sectors. While some of these applications are still under exploration or in the early stages of commercialization, they highlight the transformative potential of our technology in enabling smarter, more efficient, and cost-effective operations in an increasingly automated and data-driven world. AI inference chips are essential components for a wide array of end products that work in concert to accelerate AI capabilities at the edge. The following pictures are representative end products that incorporate our edge AI inference SoCs. Such end products, enabled by the edge AI influence SoCs, have a broad range of applications.



For example, in the industrial automation sector, our edge inference SoCs are poised to empower vision-based quality control systems to perform real-time video analysis and anomaly detection of products on the production line, identifying surface irregularities, dimensional deviations, or assembly defects with exceptional speed and accuracy. By performing AI inference locally at the edge, our SoCs have the potential to allow manufacturers to detect quality issues in real time, reduce production waste, and optimize throughput. Beyond quality inspection, by integrating with sensor networks and leveraging edge AI, our SoCs could detect equipment performance and analyze operational data to predict potential failures before they occur. This proactive approach would reduce unplanned downtime, extend the lifespan of critical machinery, and improve overall equipment effectiveness. Additionally, retail and commercial analytics applications can take advantage of the AI-powered vision insights generated by our edge computing SoCs to understand customer behavior, optimize store layouts and improve loss-prevention strategies.

Beyond these industrial and commercial applications, our edge inference SoCs have been successfully commercialized in home AI hubs. These hubs enable real-time voice recognition, intelligent device coordination, and enhanced data privacy through local processing, serving as a central platform for managing smart home ecosystems. With their ability to execute complex AI tasks locally, our SoCs deliver efficient, secure, and seamless user experiences.

These envisioned applications of our edge inference SoCs underscore their potential to drive innovation in various scenarios, addressing the growing demand for smarter, more efficient, and cost-effective operations in an increasingly automated and data-driven era.

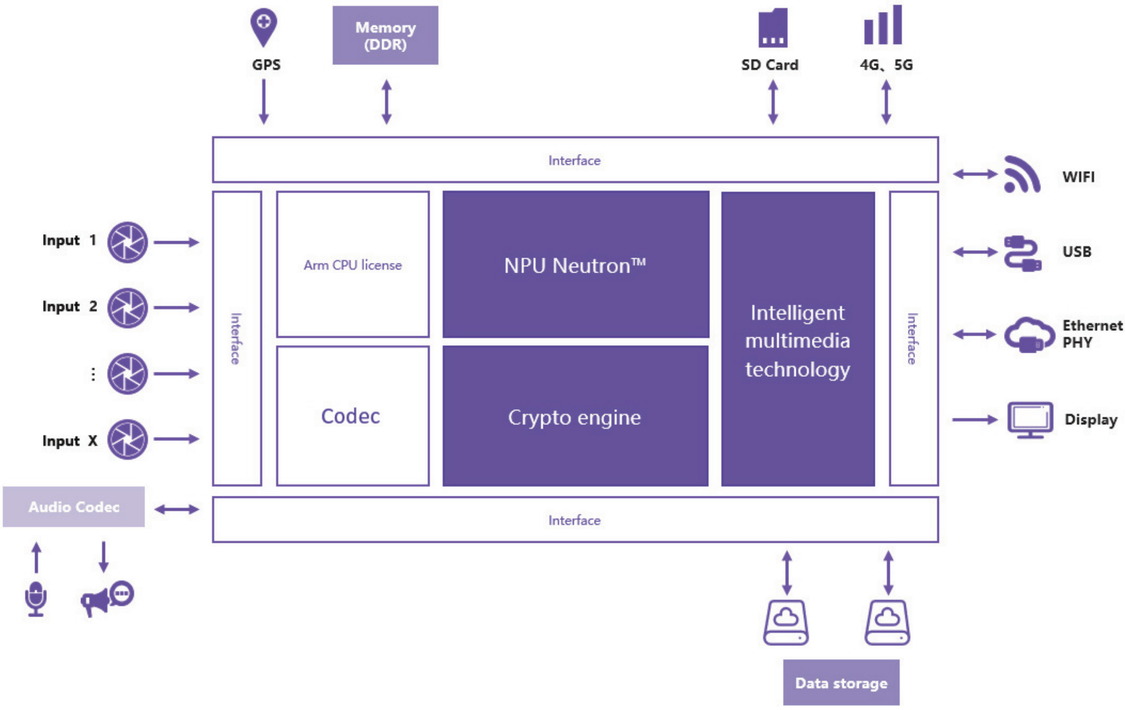
Our edge AI inference SoC products are exemplified by the 8850 SoC.

8850 SoC

Building on our successful experience in visual on-device computing and smart vehicle scenarios, we pushed the envelope for what is possible with generative AI at the edge. We launched the 8850 SoC in 2023, an AI processing platform specifically designed for edge AI inference with mixed precision computing power of up to 72 TOPS at INT4 precision or 18 TOPS at INT8 precision and native support for Transformer architecture.

Compared to our visual on-device computing SoC products, the 8850 SoC features robust connectivity and scalability through cascading, security, and mixed-precision computing, besides much enhanced computing power. These are critical aspects to successfully deploy edge computing. With these design features, we believe that the 8850 SoC can be applied broadly in a myriad of edge computing settings, from visual analytics to smart terminals that serve as local AI hubs at home or in industrial settings. For example, the native support for Transformer architecture will enable sophisticated AI tasks such as text-to-image search and text-to-video search, on edge nodes.

The following diagram illustrates the internal architecture of the 8850 SoC, as well as the external interfaces that enable an AI box, which is a compact, dedicated edge computing device.



Note: The purple-shaded modules in the internal architecture, namely the NPU, the crypto engine, AI codec, and the intelligent multimedia technology, are developed by ourselves.

In addition to various advantages brought by our Axera Neutron NPU and Proton AI-ISP, notable features of the 8850 SoC include:

- ***Supporting large models via multi-chip cascading***. The 8850 SoC is designed to support large AI models with enhanced scalability and flexibility. It is capable of handling complex models as a single SoC or through multi-chip cascading, with up to four SoCs interconnected to achieve distributed computing and support inference from even larger and more sophisticated AI models. This flexibility makes the 8850 SoC ideal for diverse AI workloads and evolving edge AI demands.

- ***Robust connectivity.*** Designed specifically for edge computing demands, the 8850 SoC overcomes the limitations of traditional on-device processors with its robust connectivity suite—including dual gigabit Ethernet (with TSO acceleration), multi-mode USB (3.0/2.0), and PCIe/SATA expansion. An integrated eight-core CPU ensures seamless multi-threaded performance for intensive edge applications.

- ***Security.*** The 8850 SoC features enhanced security measures, including hardware-level encryption and secure boot mechanisms. It supports encryption and decryption algorithms such as AES, DES And 3DES, as well as hardware-based HASH algorithms, including SHA-1, SHA-224 and SHA-256. These features are critical for safeguarding sensitive information and ensuring compliance with stringent data protection standards.

- ***Mixed-precision computing***. The 8850 SoC incorporates mixed-precision computing, which significantly reduces inference costs and demand for memory bandwidth, therefore significantly reduced response times and improves overall computing efficiency, making it ideal for real-time applications on the edge.

The 8850 SoC is designed to provide users with a comprehensive, low-latency edge AI computing experience. As of September 30, 2025, our cumulative shipments of the 8850 SoC had reached 196 thousand units.

Edge AI Inference SoCs under Development

Building on our expertise in on-device and edge AI computing, we are actively developing the next generation of edge AI inference SoCs to meet the growing demand for high-performance, energy-efficient, and scalable AI solutions. These forthcoming SoCs, including the 8830 series and 8860 series currently under development, are designed to support a wide range of AI applications by leveraging state-of-the-art technologies that deliver superior computing capabilities and flexibility.

Our new edge AI inference SoCs are being developed with a focus on delivering enhanced computational power, robust connectivity, and efficient thermal management to tackle complex, resource-intensive AI tasks. They are being optimized for advanced workloads such as multimodal processing and Transformer architecture, while also incorporating critical security features like hardware-level encryption and secure boot mechanisms to ensure data privacy and security. By enabling a seamless integration with a diverse array of edge devices and facilitating real-time AI inference, these SoCs offer a versatile computing platform that can address demanding industrial and enterprise applications. In addition, these SoCs are being developed with the adaptability to accommodate a wider range of precision formats of quantized models, which will enable the application of various quantized models across a wide range of scenarios.

With these innovations, we are confident that our next-generation edge AI inference SoCs will not only expand the possibilities of edge AI applications but also drive breakthroughs across sectors such as robotics and intelligent edge computing centers, ultimately facilitating inclusive AI for all. For example, our 8860 series brings complex, cloud-level AI directly to the edge. By combining high computational power with superior energy efficiency, we enable devices to handle intricate AI tasks locally, ensuring real-time performance, data privacy, and operational independence. This capability unlocks a new generation of applications, from instant industrial defect detection and private smart home assistants to autonomous robots that can process data and make decisions on-device. For intelligent industry, our 8860 series enables real-time, mission-critical decisions with zero latency by processing visual inspection data directly on-site, which maximizes uptime and operational safety. For smart home application, 8860 series prioritizes user privacy and responsiveness by handling all data locally, ensuring sensitive information never leaves the device for ultimate security. For emerging devices like companion robots, 8860 series functions as an on-device brain, processing sensor data in real time to facilitate autonomous navigation and natural, context-aware interactions.

We designed the 8860 series to meet the growing demand for on-device generative AI. Offering 64 TOPS of performance, our dedicated AI ASIC significantly outperforms typical edge solutions, allowing for the deployment of large AI models directly at the edge. This robust performance is delivered with exceptional power efficiency, making our chip ideal for thermally constrained environments and reducing the total cost of ownership for our customers.

In the first quarter of 2025, we established a dedicated edge AI computing division. The creation of this specialized division signifies our commitment to staying at the forefront of this rapidly growing field, which enables faster data processing, reduced bandwidth usage, and improved data privacy and security.

RESEARCH AND DEVELOPMENT

R&D Force

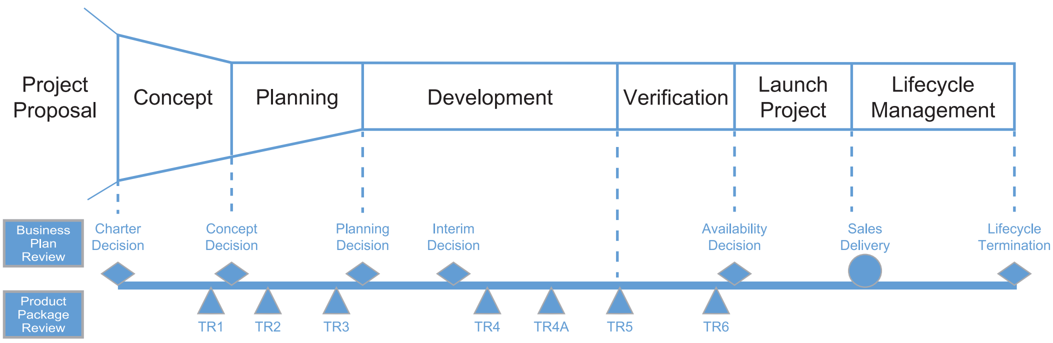
Our deep passion for innovation coupled with our strong R&D capabilities have allowed us to enjoy a significant technological edge. We have made, and will continue to make, substantial investments in R&D activities. In 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses were RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million, respectively. Our interdisciplinary team of engineers forms the foundation for our continued success. As of September 30, 2025, we had 499 R&D personnel, representing approximately 80% of our total employees. Led by Dr. QIU, our founder and chairperson, our in-house R&D force consist of technology specialists and senior engineers with extensive experience in the industry, more than half of whom held master's degrees or above.

Our platform-based R&D architecture strategically combines centralized technology development with market-driven customization. The Core Technology Division serves as the innovation backbone, focusing on foundational advancements in SoC architecture design, neural network-based AI models, multimedia processing algorithms (including ISP), and low-level driver development—ensuring modularity, scalability, and cross-platform compatibility across all solutions. Meanwhile, dedicated product-line teams adapt these core technologies to create differentiated offerings tailored to specific market needs. This dual-track approach enables us to simultaneously push the boundaries of AI chip performance while rapidly delivering optimized solutions for diverse applications, maintaining both technological leadership and competitive agility. For details regarding our core technologies, see "— Our Technology Platform."

We embed R&D personnel directly within our product-line departments to foster deeper collaboration between innovation and execution. This integration ensures that advanced engineering expertise is applied at every stage of product development, enabling us to deliver superior, customer-centric solutions with seamless performance and reliability. By aligning R&D closely with product teams, we accelerate development cycles, optimize technical outcomes, and consistently meet the highest standards of quality and functionality.

R&D Process

We identify potential R&D projects based on our development strategy and industry trends, as well as the needs of our customers. Our R&D process before mass production can be divided into the following stages:



- *Pre-project evaluation*. Our SoC development journey begins with a conceptual phase, where a concise proposal outlines the product positioning, target market analysis, and preliminary technical feasibility. Our management conducts strategic reviews to validate alignment with our corporate objectives, culminating in a preliminary feasibility endorsement. Upon successful pre-project evaluation, we advance to a comprehensive feasibility assessment, which encompasses detailed market and technical specifications, formulation of IP strategy, and thorough plans for resource allocation. We conduct in-depth analyzes of technical requirements, resulting in a comprehensive project proposal that serves as the foundation for formal project approval. Our management then reviews such project proposal and make the final go/no-go decision based on technical and business feasibility.

- *Development execution.* The approved project progresses through sequential technical execution phase, including architecture design, register-transfer level (RTL) implementation, physical layout optimization and pre-silicon verification. Regular design-for-manufacturability and power-performance-area-cost reviews keep the approved projects on target. Each stage includes rigorous design reviews and signoffs to ensure quality and specification compliance. Extensive simulations and hardware emulations are carried out to catch functional bugs before tape-out.

- *Verification.* The detailed design data are released to the foundry. Once first wafers are returned for “bring-up,” they are validated for basic functionality, performance and reliance. Minor fixes in the design and production may be iterated to achieve an optimal outcome. Later, our SoCs are assessed for their reliability and quality, particular on aspects such as high-temperature operating life, temperature-humidity-bias and latency tests.

- *Product lifecycle management.* We work with our customers to integrate SoCs into their reference boards or modules to debug real-world workloads. We also secure foundries’ manufacturing capacity, so that we ensure that our SoCs can be mass produced when they are launched. Our engineers provide support and product lifecycle management to safeguard smooth commercial launch.

Our internal project screening follows a structured stage-gate process. First, we assess early-stage ideas and exploratory initiatives at the concept and feasibility stage. Our small internal teams evaluate them based on market demand, customer commitment, and technical fit with our existing platforms. Next, we discontinue or deprioritize any initiative that fails to meet our feasibility thresholds. We make this decision early, typically before undertaking capital-intensive steps such as tape-out. The limited costs incurred during this initial exploration are recorded within our general R&D activities and are not tracked as standalone projects. Finally, projects that pass our feasibility assessment are deemed to have strong commercial potential and to be ready for the market. These projects then advance to the full development phase. This strategy enables us to allocate R&D resources to initiatives with clear commercial viability and a shorter time-to-market, rather than to speculative, early-stage research. For projects that pass our feasibility assessment and enter full development, the timeline from project kick-off to the launch of the first product has significantly decreased. This period, which was typically over 25 months for earlier projects, has been reduced to approximately 15 months for recent ones. Furthermore, once a project’s benchmark product is commercialized, subsequent iterations are launched within a much shorter development cycle of four to seven months. This acceleration in our development cycle reflects the maturation of our design methodology, a growing portfolio of reusable IP, and strong collaboration frameworks with foundry partners, assembly providers, and customers, which have been honed over successive product development cycles.

SALES AND MARKETING

We are developing our sales network to reach a wide range of customers. We generate demand for our products mainly through our in-house sales and marketing team, which conducts comprehensive marketing activities to promote our products. As of September 30, 2025, we had 63 sales and marketing personnel. In addition, we have built strong collaborations with distributors to enhance the brand recognition and market acceptance of our products.

During the Track Record Period, we opted for direct sales and distribution for our products based on the market needs of end customers. Distributors were primarily selected to cater to the diverse and fragmented demands and applications of end customers. On the other hand, the application scenarios and requirements of our direct sales customers were more centralized, enabling greater efficiency through direct procurement. We did not designate specific products for any particular sales channel. The following table sets forth a breakdown of our revenue by sales channels and geographical location for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000 (except for percentages)						*(Unaudited)*			
Direct sales	47,837	95.2%	162,904	70.8%	273,285	57.8%	170,595	67.1%	106,842	39.7%
Chinese Mainland	*47,046*	*93.7%*	*162,846*	*70.8%*	*273,139*	*57.8%*	*170,452*	*67.1%*	*106,806*	*39.7%*
Hong Kong	*778*	*1.5%*	*—*	*—*	*110*	*0.0%*	*110*	*0.0%*	*—*	*—*
Other areas(1)	*13*	*0.0%*	*58*	*0.0%*	*36*	*0.0%*	*33*	*0.0%*	*36*	*0.0%*
Distributors	2,393	4.8%	67,223	29.2%	199,607	42.2%	83,621	32.9%	162,192	60.3%
Chinese Mainland	*2,393*	*4.8%*	*41,769*	*18.1%*	*193,436*	*40.9%*	*80,727*	*31.8%*	*132,698*	*49.3%*
Hong Kong	*—*	*—*	*25,454*	*11.1%*	*6,171*	*1.3%*	*2,894*	*1.1%*	*29,494*	*11.0%*
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Other areas include Indonesia, South Korea and Australia.

During the Track Record Period, almost all of our revenue from direct sales were generated from China. During the Track Record Period, our revenue from distributors grew significantly, primarily because we provide more standardized products leveraging our continuous research and development and the ramp-up of our product commercialization. These standardized products serve our expanding target markets, particularly edge AI applications where use cases continue to proliferate across diverse and fragmented customer segments, for which our distributor network provides an efficient channel for market penetration. According to CIC, this approach aligns with market practices, as AI chip companies typically prioritize direct sales of customized products initially and then engage more distributors as product development becomes more mature and stable to enhance efficiency and capitalize on commercialization opportunities.

Sales to Distributors

We collaborate with a wide range of distributors to increase our sales and market share. Our relationship with distributors is one of buyer and seller, rather than principal and agent. We believe our distribution strategy helps extend our coverage in a cost-effective manner while retaining proper control over our distribution network and marketing and promotion activities. Our distributors generally do not need our specific authorization to engage sub-distributors. As advised by CIC, our distributor model is in line with industry norm. To the best knowledge of our Directors, all of our distributors during the Track Record Period were Independent Third Parties.

Selection of Distributors

We consider a number of selection and evaluation criteria in selecting distributors while taking regional differences into account, including, among others, their industry experience, market coverage, reputation and credibility, financial conditions, management capabilities, legal compliance status, understanding of our brand concept and business philosophy and warehousing and logistics capabilities. Candidates that pass our selection and evaluation criteria will be qualified as our contracted distributors.

Movement of Distributors

The following table sets forth the total number of our distributors in Chinese mainland and overseas and their movement during the Track Record Period.

	As of/For the year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the year/period	—	2	14	22
Addition of new distributors[1]	2	12	9	1
Inactive distributors[2]	—	—	1	9
Number of distributors at the end of the year/period	2	14	22	14

Notes:

(1) New distributors refer to distributors who (i) had at least one transaction with us in the relevant period; and (ii) did not have any transaction with us in the immediately preceding 12 months.

(2) Inactive distributors refer to distributors who (i) did not have any transaction with us in the relevant period; and (ii) had at least one transaction with us in the immediately preceding 12 months.

Almost all of our distributors during the Track Record Period were in Chinese mainland or Hong Kong. We started to engage three distributors outside Chinese mainland in 2023. In 2024 and the nine months ended September 30, 2025, three and two of these three distributors outside Chinese mainland still had transactions with us.

We actively pursue an optimal distributor management approach that aligns seamlessly with our business strategy. We primarily commence business relationships with new distributors due to market coverage expansions. In 2024, only one of our existing distributors did not have transaction with us in the immediately preceding 12 months because it sought to replace the existing entity with a different one. In the nine months ended September 30, 2025, nine of our existing distributors did not have transaction with us in the immediately preceding 12 months due to fluctuations in market demand. Each of these nine inactive distributors had only placed insignificant orders with us in the past. During the Track Record Period and up to the Latest Practicable Date, we had no material unresolved disputes or lawsuits with the terminated distributor.

Notwithstanding the decrease in the number of distributors during the nine months ended September 30, 2025, our revenue from distributors increased primarily due to our enhanced collaboration with and increased sales to leading distributors, which reflects our distribution strategy to optimize our distributor network by prioritizing collaboration with distributors that have stronger market coverage, established customer bases, and proven sales capabilities.

Management of Distributors

We typically manage our distribution network through entering into standard distribution agreements with our distributors, which are sales and purchase agreements in nature. The salient terms of our standard distribution agreements used during the Track Record Period are set out below:

- *Term*. The term of our standard distribution agreements is typically one year.

- *Designated distribution area*. Distributors are generally not allowed to sell or distribute our products outside of their designated distribution areas.

- *Pricing*. We have the right to determine and adjust the product price based on market conditions and other relevant factors, and the final price shall be as expressly stipulated in the purchase order duly executed by both parties. In the case that we recommend a retail price range, our distributors shall comply with such range accordingly.

- *Product return or exchange*. We provide a warranty period of one year since the shipment date. We do not accept product return or exchange, except for quality issues that arise during the warranty period.

- *Anti-corruption and anti-bribery obligations*. Both parties shall comply with applicable anti-bribery and anti-money laundering laws, avoid conflicts of interest, and refrain from offering or accepting any improper benefits. Any violation may result in immediate termination of agreements and liability for damages.

- *Export control and compliance*. Both parties shall strictly comply with applicable U.S. export control laws and regulations, including the EAR and OFAC sanctions. Our distributors shall not use, export, re-export, or transfer our products in violation of such laws, and shall be fully liable for any breach, including indemnifying us for any resulting losses or penalties.

- *Termination*. We have the right to terminate the distribution agreements in the event of material breach of contract by our distributors.

In particular, we manage and ensure the business performance and compliance of our distributors in the following ways:

- *Anti-cannibalization management*. According to CIC, AI inference chips are characterized by their specialized applications, rather than being mass-market consumer goods. As a result, our distributors typically initiate orders upon receiving requests from end customers, rather than exploring end customers after holding significant inventory levels. We carefully select a limited number of distributors for specific types of products based on their industry expertise and market coverage. Distributors are only authorized to sell the designated products to customers within specified areas.

- *Inventory control and prevention of channel stuffing*. We do not accept product return or exchange from distributors, except for quality issues that arise during the warranty period. There were no product returns from distributors during the Track Record Period. We do not impose minimum purchase targets on our distributors, and distributors independently and prudently determine their inventory levels based on their business needs and forecasts. Our distributors typically place orders with us after they have received forecast or purchase orders, which inherently reduces their inventory risks and accelerates their inventory turnover. In addition, we maintain regular communication with our distributors, and encourage our distributors to place orders and adjust the frequency of their purchases in accordance with the market needs. We also conduct performance evaluations that compare forecast orders with actual orders to identify and address potential channel stuffing behaviors. In the event of significant deviations from their forecasts, we may reach out to distributors to investigate actual demand. Though our distributors maintain a "buy-out" model with us, we make best efforts to obtain some visibility of distributors' inventory level, as regulated in our distribution agreement and agreed by our distributors. To further enhance our management of distributors, we will request, though not mandatory, our distributors to periodically provide sales reports for us to acknowledge their inventories and sales targets. This integrated approach enables us to ensure that distributor orders reflect genuine market demand. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, no issues or difficulties related to inventory were raised by our distributors during our communications with them. Furthermore, during the Track Record Period, we did not terminate collaborations with any distributor due to inventory-related concerns. For details regarding the movement of our distributors during the Track Record Period, see "—Movement of Distributors" above. To the best of our knowledge, we believe there is no significant unsold inventory held by distributors as of the Latest Practicable Date. Therefore our Directors are of the view that we are not subject to material risk of channel stuffing.

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, there was no material non-compliance with the terms and conditions of our agreements with distributors.

Direct Sales

We primarily sell our products directly to OEMs and integrators who integrate our products with other components During the Track Record Period, revenue generated from our direct sales were RMB47.8 million, RMB162.9 million, RMB273.3 million and RMB106.8 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. The salient terms of our standard sales agreements used during the Track Record Period are set out below:

- *Payment.* We generally require our customers to make payment before the product shipment, unless otherwise expressly agreed in the specified purchase order.

- *Delivery.* We generally bear the costs and risks related to the shipment of ordered products to locations designated by our customers.

- *Product return or exchange.* We typically provide a warranty period of one year since the shipment date specified in the sales agreement. We generally do not accept product returns or exchanges unless the product quality issue is attributable to us. There were no product returns from direct sales customers from 2022 to 2024. In the nine months ended September 30, 2025, we had one return from a direct sales customer, which was an exceptional, non-quality-related case mutually agreed upon by both parties, and accounted for less than 0.1% of our revenue for that period.

- *Termination*. The agreement can be terminated by mutual agreement. In the event of our customers' violation of any applicable import and export control regulations, we are entitled to unilaterally terminate the agreement and claim for damages and losses caused by our customers' violation.

Sales Strategy Going Forward

In light of our ongoing product portfolio expansion and anticipated business growth, we intend to implement differentiated sales strategies tailored to the distinct characteristics and target markets of each product category. For example, given that the end products incorporating the on-device SoCs typically feature mass production volumes and standardized specifications, as well as the large number of customers in charge of the end products using our on-device SoCs, we plan to primarily leverage distributor networks for substantial sales of this product category. This approach enables efficient coverage of a broad customer base and supports large-scale shipment requirements.

As the sales process for smart vehicle SoCs involves securing individual design-win projects with Tier 1 suppliers and OEMs, often requiring highly customized solutions, and considering that their corresponding end products have relatively lower production volumes compared to on-device SoCs, we expect to predominantly utilize a direct sales model for our smart vehicle SoCs in the foreseeable future. This model facilitates deeper customer collaboration, precise alignment with customization demands, and provision of direct technical support.

We intend to adopt a hybrid sales model combining direct sales and distributor channels for our edge AI inference SoCs. This dual approach is driven by distinct market dynamics. The edge computing landscape is characterized by rapidly evolving and highly fragmented application demands across numerous new use cases. Utilizing distributor networks will be essential for achieving broader customer reach and enhancing sales efficiency in addressing this diverse and dynamic market. Concurrently, for higher-value opportunities involving complex solutions and customers requiring significant technical support, we will adopt direct sales model which enables us to provide the necessary deep technical collaboration and tailored support these enterprise customers demand.

Pricing

We take into account various factors when determining the price of our products, including production costs, technological differentiation, customer demand, supply chain dynamics, procurement strategies and expected gross margins of each product. We also evaluate the competitive landscape, including the overall market conditions as well as prices for similar products offered by our peers. We adjust our selling prices dynamically based on the customer profile and market trends.

Marketing

We have implemented a structured and multi-faceted marketing strategy designed to enhance our brand awareness, reinforce our positioning in the AI chip industry, and support the commercialization of our core businesses, including on-device computing, smart vehicle, and edge AI computing products. Our approach combines both online and offline initiatives, aiming to reach target customers effectively, communicate our technological capabilities, and foster long-term ecosystem collaboration.

We actively participate in a broad range of offline marketing activities, including industry exhibitions, technical forums and recognitions from industry awards. Notably, we showcase our SoC products and AI solutions at nationally recognized events such as the World Artificial Intelligence Conference and the Shanghai International Automobile Industry Exhibition. In particular, at the 2025 Shanghai International Automobile Industry Exhibition, we unveiled our latest smart vehicle chips and ADAS technologies, and conducted in-depth discussions with Tier 1 suppliers and automotive OEMs, which strengthened our brand positioning in the automotive semiconductor sector and enhanced relationships with key customers and ecosystem partners. In parallel, we leverage online channels to complement our offline efforts and improve marketing efficiency. These included online video product introductions, participation in online technical seminars, and targeted digital campaigns across social media platforms. By integrating offline presence with digital outreach, we have established a coherent and scalable marketing framework that is aligned with our business development priorities and supports the ongoing expansion of our customer base and ecosystem partnerships.

CUSTOMERS

During the Track Record Period, our customers primarily consisted of (i) OEMs, to which we provided on-device computing, smart vehicle, and edge AI inference products. These OEMs integrate our SoCs directly into their final products, which are then sold to enterprise customers or consumers, (ii) integrators who integrate our products with other components, to which we provided on-device computing products and edge AI inference products. For example, an integrator may integrate our products with other sensor and camera modules, depending on the target application, and then provide the integrated products to OEMs, and (iii) our distributors, to which we provided on-device computing, smart vehicle, and edge AI inference products. Our distributors then sell our products to OEMs or integrators. See also "—Sales and Marketing." The following table sets forth a breakdown of our revenue by sales channels for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000 (except for percentages)						*(Unaudited)*			
Direct sales	47,837	95.2%	162,904	70.8%	273,285	57.8%	170,595	67.1%	106,842	39.7%
Integrators	—	—	*141,693*	*61.6%*	*211,763*	*44.8%*	137,203	*54.0%*	*73,211*	*27.2%*
OEMs	*47,837*	*95.2%*	*21,211*	*9.2%*	*61,522*	*13.0%*	*33,392*	*13.1%*	*33,631*	*12.5%*
Distributors	2,393	4.8%	67,223	29.2%	199,607	42.2%	83,621	32.9%	162,192	60.3%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

The ASP and gross profit margin for different customer segments during various periods largely depends on the types of products purchased. We generally record higher gross profit margins for sales to OEMs. In contrast, the gross profit margins for sales to integrators and distributors are relatively lower. This is because products sold to integrators are combined with other components and products sold to distributors are marketed to end customers through marketing efforts of distributors, who therefore share in the profitability. For details of the gross profit margin for our products, see "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margin."

The following table sets forth our revenue breakdown by product and service type for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)						*(Unaudited)*			
On-device computing products	44,702	89.0%	208,454	90.6%	447,036	94.5%	244,387	96.1%	234,535	87.2%
Edge AI inference products	—	—	5,158	2.2%	18,582	3.9%	4,563	1.8%	15,983	5.9%
Smart vehicle products	28	0.1%	7,801	3.4%	6,707	1.4%	4,911	1.9%	17,259	6.4%
Others[(1)]	5,500	10.9%	8,714	3.8%	567	0.1%	355	0.1%	1,257	0.5%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

The following table sets out our revenue breakdown by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods delivered.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)						*(Unaudited)*			
Chinese Mainland	49,439	98.5%	204,615	88.9%	466,574	98.7%	251,179	98.7%	239,504	89.0%
Hong Kong	778	1.5%	25,454	11.1%	6,282	1.3%	3,004	1.2%	29,494	11.0%
Other areas (1)	13	0.0%	58	0.0%	36	0.0%	33	0.0%	36	0.0%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Other areas include Indonesia, South Korea and Australia.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, the revenue generated from our five largest customers for each year/period amounted to RMB46.0 million, RMB196.5 million, RMB355.8 million and RMB201.9 million, respectively, accounting for 91.5%, 85.4%, 75.2% and 75.0% of our total revenue for the corresponding year/period, respectively. The revenue from our largest customer for each year/period amounted to RMB23.5 million, RMB82.8 million, RMB112.9 million and RMB75.3 million, respectively, accounting for 46.9%, 36.0%, 23.9% and 28.0% of our total revenue for the corresponding year/period, respectively. The following table summarizes information about our five largest customers and our revenue generated from them during each year/period of the Track Record Period.

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
For the nine months ended September 30, 2025							
Customer A(1)	Distributor	Affiliates of a public company listed on the Shanghai Stock Exchange, primarily engaged in design, sales and distribution of semiconductor products and solutions	On-device computing products, edge AI inference products	2021	Advance payment before shipment	75,301	28.0%

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
Customer B	Integrator	A company located in China and primarily engaged in developments and sales of electronic products	On-device computing products	2023	Advance payment before shipment	57,630	21.4%
Customer C	Distributor	A company located in China and primarily engaged in chip design, sales and distribution	On-device computing products, edge AI inference products	2024	Advance payment before shipment	28,221	10.5%
Customer D	Distributor	A company located in China and primarily engaged in wholesale of electronic equipment	On-device computing products, edge AI inference products, smart vehicle products	2023	Advance payment before shipment	25,095	9.3%
Customer E	Distributor	A company located in China and primarily engaged in chip design, sales and distribution	On-device computing products	2025	Advance payment before shipment	15,621	5.8%
Total						**201,868**	**75.0%**
For the year ended December 31, 2024							
Customer B	Integrator	A company located in China and primarily engaged in developments and sales of electronic products	On-device computing products	2023	Advance payment before shipment	112,872	23.9%
Customer F	Integrator	A company located in China and primarily engaged in development and sales of electronic components and products	On-device computing products	2023	Advance payment before shipment	98,891	20.9%

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
Customer D	Distributor	A company located in China and primarily engaged in wholesale of electronic equipment	On-device computing products, edge AI inference products, smart vehicle products	2023	Advance payment before shipment	69,042	14.6%
Customer A [(1)]	Distributor	Affiliates of a public company listed on the Shanghai Stock Exchange, primarily engaged in design, sales and distribution of semiconductor products and solutions	On-device computing products	2021	Advance payment before shipment	43,073	9.1%
Customer C	Distributor	A company located in China and primarily engaged in chip design, sales and distribution	On-device computing products, edge AI inference products	2024	Advance payment before shipment	31,930	6.8%
Total						**355,808**	**75.2%**
For the year ended December 31, 2023							
Customer F	Integrator	A company located in China and primarily engaged in development and sales of electronic components and products	On-device computing products	2023	Advance payment before shipment	82,766	36.0%
Customer B	Integrator	A company located in China and primarily engaged in development and sales of electronic products	On-device computing products	2023	Advance payment before shipment	58,928	25.6%

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
Customer G[(1)]	Distributor	Affiliates of a company located in Hong Kong and primarily engaged in the distribution of electronic components and products	On-device computing products	2023	Advance payment before shipment	27,848	12.1%
Customer D	Distributor	A company located in China and primarily engaged in wholesale of electronic equipment	On-device computing products, edge AI inference products, smart vehicle products	2023	Advance payment before shipment	18,411	8.0%
Customer A[(1)]	Distributor	Affiliates of a public company listed on the Shanghai Stock Exchange, primarily engaged in design, sales and distribution of semiconductor products and solutions	On-device computing products, edge AI inference products	2021	Advance payment before shipment	8,517	3.7%
Total						**196,470**	**85.4%**

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
For the year ended December 31, 2022							
Customer H[1]	OEM	Affiliates of a public company listed on the Shenzhen Stock Exchange, primarily engaged in provision of video-centric smart IoT solutions and services	On-device computing products	2021	120 days	23,542	46.9%
Customer I	OEM	A company located in China and primarily engaged in software and hardware development for mobile phones and smart terminals	On-device computing products, technical services	2021	Advance payment before shipment	14,504	28.9%
Customer J[1]	OEM	Affiliates of a company located in China and primarily engaged in provision of AI-powered solutions and products	On-device computing products, smart vehicle products	2020	Advance payment before shipment	5,520	11.0%

Customer	Nature	Background	Product/ Services Provided	Year of Commencement of Business Relationships	Credit Term	Revenue Contribution (RMB'000)	% of Total Revenue
Customer K	Distributor	A company located in China and primarily engaged in distribution of electronic components and products	On-device computing products	2021	Advance payment before shipment	1,333	2.7%
Customer A[(1)]	Distributor	Affiliates of a public company listed on the Shanghai Stock Exchange primarily engaged in design, sales and distribution of semiconductor products and solutions	On-device computing products	2021	Advance payment before shipment	1,059	2.1%
Total						**45,958**	**91.5%**

Note:

(1) Customers under the ultimate common control have been consolidated and treated as a single customer group in each period of the Track Record Period.

None of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers for each year/period during the Track Record Period.

SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of contract manufacturers, IP and software vendors, and other service providers. We proactively adopt supplier management policies including maintaining an adequate pool of suppliers, securing alternative suppliers to safeguard our supply chain.

Contract Manufacturers

We employ a fabless business model and use third-party foundries and assembly contractors to manufacture, assemble and test our SoCs. This outsourced manufacturing approach allows us to focus our resources on the design, sales and marketing of our products and avoid the cost associated with owning and operating our own manufacturing facility. In addition, we believe outsourcing many of our manufacturing and assembly activities provides us the flexibility needed to respond to new market opportunities, simplifies our operations and significantly reduces our capital requirements. We are responsible for designing the architecture of our SoCs, including hardware components and software integration, and define detailed production specifications for the foundries and assembly contractors, ensuring that the final product aligns with our intended applications and customer requirements. While the assembly and testing are outsourced, we typically outline testing protocols and quality standards, and set an assembly yield rate with assembly contractors. Our engineers work closely with foundries and other contractors to increase yields, lower manufacturing costs and improve quality.

Our focus on general-purpose AI inference chips supports a predictable supply chain. Unlike fully customized solutions that require lengthy new production cycles, these standard chips can be supplied from existing inventory, leading to a much shorter and more reliable delivery window. Such operational model ensures a steady conversion of orders into revenue, consistent with industry practices for fabless companies with a standard product portfolio. Our average order-to-revenue cycle is one to two months, which is relatively short and consistent with industry practice as advised by CIC.

We carefully qualify each of our contract manufacturers and processes in order to meet the high-quality and reliability standards required of our products. We choose our contract manufacturers based on a variety of factors, including R&D capabilities, product quality, manufacturing capabilities, history of cooperation and price. During the Track Record Period, we engaged seven foundries and 26 assembly contractors, primarily from Taiwan, Jiangsu and Zhejiang. As advised by CIC, there are over 150 alternative foundries, assembly and testing contractors available in the AI inference chip industry. The following table sets forth the respective number of the foundries and assembly contractors we engaged and their movement during the Track Record Period.

	As of/For the year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Foundries				
Number of foundries engaged at the beginning of the year/period	2	2	7	5
Addition of new foundries(1)	—	5	—	—
Inactive foundries(2)	—	—	2	—
Number of foundries engaged at the end of the year/period	2	7	5	5
Assembly contractors				
Number of assembly contractors engaged at the beginning of the year/period	7	7	20	17
Addition of new assembly contractors(1)	—	15	—	5

	As of/For the year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Inactive assembly contractors(2)	—	2	3	3
Number of assembly contractors engaged at the end of the year/period	7	20	17	19

Notes:

(1) New foundries/assembly contractors refer to foundries/assembly contractors who (i) had at least one transaction with us in the relevant period; and (ii) did not have any transaction with us in the immediately preceding 12 months. The increase of new foundries/assembly contractors in 2023 was primarily due to the acquisition of Huatu in October 2023.

(2) Inactive foundries/assembly contractors refer to foundries/assembly contractors who (i) did not have any transaction with us in the relevant period; and (ii) had at least one transaction with us in the immediately preceding 12 months.

The salient terms of our agreements with foundries are set out below:

- *Scope of supply*. The wafer foundries are responsible for manufacturing wafers in accordance with the specifications required in the purchase order.

- *Licensing arrangement*. The wafer foundries typically grant us a license to evaluate and incorporate their technologies into the design of products which will be taped-out and manufactured at such wafer foundries.

- *Payment.* We are generally required to pay in advance for our purchases from wafer foundries.

- *Terms and termination*. The agreements with wafer foundries generally have a term of three years, with an option for automatic one-year extensions. Either party may terminate the agreements by giving the other party a 60-day prior written notice.

The salient terms of our agreements with assembly contractors are set out below:

- *Scope of supply*. Generally, our wafer foundries provide wafers directly to our assembly contractors under our instructions, and the assembly contractors are tasked with processing and assembling the wafers into SoCs in accordance with our specifications specified in the purchase order. The assembly contractors shall also conduct subsequent testing and packaging.

- *Quality control*. We typically set an assembly yield rate in the agreements with assembly contractors.

- *Payment*. We are generally required to make full payment within one to two months after the end of each month or within the agreed-upon time limit in the purchase order.

- *Terms and termination*. The agreements with assembly contractors generally have a term of three years, with an option for automatic one-year extensions.

IP and Software Vendors

The core functionality and performance of our SoCs are exclusively achieved and defined by our proprietary IP cores, such as the Axera Neutron mixed-precision NPU and Axera Proton AI-ISP. In line with the industry norm according to CIC, we also license from third parties for (i) IP cores that form support modules in our SoCs, for example, IP cores with basic control functions or interface functions, which are generally designed in accordance with international standards; and (ii) software tools such as EDA tools.

During the Track Record Period, we mainly procured IP cores including interface IP cores such as double data rate ("**DDR**"), universal serial bus ("**USB**"), and peripheral component interconnect express ("**PCIe**"), which enable high-speed data transmission between chips and external memory or peripherals; processor IP cores that provide standard computing capabilities for our chip designs; general analog IP cores including clock generation and power management circuits essential for stable SoC operation; and general digital IP cores such as memory controllers and system-level control modules that manage data flow and system resources. Additionally, we licensed software tools covering IC design, package design, PCB design and version control systems ("**VCS**") that support our development workflow.

These procured IP cores and software tools contribute to the development of our products by serving as pre-verified foundational elements that accelerate our SoC development process. The integration of standardized interface and control functions enabled our engineering teams to focus development resources on our core proprietary technologies while ensuring our products meet industry compatibility requirements. The licensed-in technologies also reduced overall development costs and time-to-market by providing reliable standard functions that would otherwise require significant internal development efforts. However, the procured IP cores are not central to the functionality of our SoCs. According to CIC, there are various alternative products available in the market for such IP cores and software tools, and we believe we are able to find alternative IP core and software tool providers even if we terminate our collaborations with current suppliers.

The salient terms of our agreements with third-party providers are set out below:

- *Licensing arrangement*. IP core providers generally grant us non-transferable, non-exclusive, world-wide license for using, copying and modifying the IP cores for purpose of designing the agreed product. Software tool providers generally grant us the right to install, access and use the software tools as agreed.
- *Fees and payment*. We are generally charged of licensing fee, separate support and maintenance fees and agreed royalties.
- *Termination*. The agreement may be terminated by either party in the event of the other party's material breach or bankruptcy or similar conditions.

Top Five Suppliers

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2025, purchases from our five largest suppliers for each year/period amounted to RMB217.1 million, RMB116.0 million, RMB385.9 million and RMB509.9 million, respectively, accounting for 78.1%, 43.0%, 64.2% and 66.4% of our total purchases for the corresponding year/period, respectively. The purchases from our largest supplier for each year/period amounted to RMB78.8 million, RMB32.5 million, RMB172.3 million and RMB170.7 million, respectively, accounting for 28.4%, 12.0%, 28.7% and 22.2% of our total purchases for the corresponding year/period, respectively. The following table summarizes information about our five largest suppliers and our purchases from them during each year/period of the Track Record Period.

Supplier	Background	Products/Services Purchased	Year of Commencement of Business Relationship	Credit Term	Purchase Amount *(RMB'000)*	% of Total Purchase
For the nine months ended September 30, 2025						
Supplier A	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2021	Advance payment	170,652	22.2%

Supplier	Background	Products/Services Purchased	Year of Commencement of Business Relationship	Credit Term	Purchase Amount *(RMB'000)*	% of Total Purchase
Supplier B	A company located in the United States and primarily engaged in provision of software tools	IP cores	2019	30 days	116,301	15.1%
Supplier C	A company located in China and primarily engaged in design and provision of chip IP	IP cores	2019	30 days	95,555	12.4%
Supplier D[(1)]	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2023	Advance payment	91,471	11.9%
Supplier E	A company located in China and primarily engaged in the distribution of electronic components and scientific laboratory equipment	Testing equipment	2025	30 days	35,950	4.7%
Total					**509,930**	**66.4%**
For the year ended December 31, 2024						
Supplier D[(1)]	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2023	Advance payment	172,306	28.7%
Supplier A	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2021	Advance payment	126,745	21.1%

Supplier	Background	Products/Services Purchased	Year of Commencement of Business Relationship	Credit Term	Purchase Amount *(RMB'000)*	% of Total Purchase
Supplier F[(1)]	A public company listed on the Shanghai Stock Exchange and primarily engaged in semiconductor packaging and testing services	Packaging and testing services	2021	30 or 60 days	43,693	7.3%
Supplier C	A company located in China and primarily engaged in design and provision of chip IP	IP cores	2019	30 days	22,753	3.8%
Supplier G	A multinational company primarily engaged in semiconductor manufacturing services	Wafers	2023	30 days after receiving invoice, with deposits	20,417	3.4%
Total					**385,914**	**64.2%**
For the year ended December 31, 2023						
Supplier A	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2021	Advance payment	32,457	12.0%
Supplier H	A company located in China and primarily engaged in provision of electronic components and products and other solutions	GPU computing module	2023	80% advance payment	24,960	9.3%
Supplier I	A company located in Ireland and primarily engaged in provision of software tools hardware and IP for electronic design	IP cores	2019	30 days	20,155	7.5%

Supplier	Background	Products/Services Purchased	Year of Commencement of Business Relationship	Credit Term	Purchase Amount *(RMB'000)*	% of Total Purchase
Supplier D[(1)]	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2023	Advance payment	19,571	7.3%
Supplier J[(1)]	Affiliates of a company located in China and primarily engaged in provision of AI-powered solutions and products	Technology development service	2020	Milestone payment	18,868	7.0%
Total					**116,011**	**43.0%**
For the year ended December 31, 2022						
Supplier A	A multinational company primarily engaged in semiconductor manufacturing services	Wafers, photomasks and manufacturing services	2021	Advance payment	78,829	28.4%
Supplier K	A multinational company primarily engaged in development, manufacturing, testing and sales of application-specific integrated circuits and wafers	Wafers and manufacturing services	2019	Advance payment	52,681	19.0%
Supplier J[(1)]	Affiliates of a company located in China and primarily engaged in provision of AI-powered solutions and products	Technology development service	2020	Milestone payment	48,219	17.3%
Supplier B	A company located in the United States and primarily engaged in provision of software tools	Software	2019	30 days	24,565	8.8%

Supplier	Background	Products/Services Purchased	Year of Commencement of Business Relationship	Credit Term	Purchase Amount *(RMB'000)*	% of Total Purchase
Supplier L	A company located in China and primarily engaged in distribution of electronic components and products	Memory known good die (KGD)	2020	Advance payment	12,837	4.6%
Total					**217,131**	**78.1%**

Note:

(1) Suppliers under the ultimate common control have been consolidated and treated as a single supplier group in each period of the Track Record Period.

None of our Directors, their associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year/period during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest customers were also our suppliers, details of which were explained as below:

Customer J, one of our five largest customers in 2022, was also Supplier J, one of our five largest suppliers for each of 2022 and 2023. It was also our supplier for the nine months ended September 30, 2025. Customer J focuses on the development and provision of AI-powered products and solutions. Revenue generated from sales of our SoCs to Customer J/Supplier J accounted for 11.0% of our total revenue in 2022, and the gross profit derived from such sales amounted to RMB2.5 million. We procured technical development services in relation to AI algorithm from Customer J/Supplier J, accounting for 17.3%, 7.0% and 0.3% of our total purchase in 2022, 2023 and the nine months ended September 30, 2025, respectively.

Customer C, one of our five largest customers in 2024 and the nine months ended September 30, 2025, was also our supplier in the 2024. Customer C is primarily engaged in chip sales and distribution. Revenue generated from sales of our SoCs to Customer C accounted for 6.8% of our total revenue in 2024, and the gross profit derived from such sales amounted to RMB3.4 million. Revenue generated from sales of our SoCs to Customer C accounted for 10.5% for the nine months ended September 30, 2025, and we recorded a gross loss of RMB0.8 million from such sales. We procured limited number of consumables (i.e., PCBs) from Customer C for the R&D purposes, accounting for a *de minimis* percentage of our total purchase in 2024.

Customer E, one of our five largest customers for the nine months ended September 30, 2025, was also our supplier in 2023, 2024 and the nine months ended September 30, 2025. Customer E is primarily engaged in chip development and distribution. Revenue generated from sales of SoCs to Customer E accounted for 5.8% of our total revenue for the nine months ended September 30, 2025, and the gross profit derived from such sales amounted to RMB9.9 million. We procured wafers from Customer E, accounting for 6.0%, 2.5% and 1.3% of our total purchase in 2023, 2024 and the nine months ended September 30, 2025, respectively.

Customer A, one of our five largest customers during the Track Record Period, was also our supplier in 2024 and the nine months ended September 30, 2025. Customer A specializes in design, sales and distribution of semiconductor products and solutions. Revenue generated from sales of our SoCs to Customer A accounted for 2.1%, 3.7%, 9.1% and 28.0% of our total revenue in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively, and we recorded a gross loss of RMB0.2 million, gross profits of RMB1.0 million, RMB4.6 million and RMB13.6 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. We procured certain consumables (i.e., sensors) from Customer A to support our internal R&D activities, accounting for 0.1% and 0.8% of our total purchase in 2024 and the nine months ended September 30, 2025, respectively.

Customer A and Customer J are each a group of entities under the ultimate common control, which have been consolidated and treated as single customer groups for each period of the Track Record Period. We generated revenue from, and procured products from, different entities within these respective groups during the same period.

The overlapping of certain customers and suppliers during the Track Record Period arises from the nature of our customer base and the semiconductor industry ecosystem. Our customers primarily consist of OEMs, integrators, and distributors who possess established supply chains and procurement capabilities as part of their business operations. While we sell our SoCs to these entities for their integration or distribution needs, they can simultaneously serve as efficient suppliers for our operational requirements, such as providing technical development services or standard components and consumables. This dual relationship reflects the practical utilization of existing business partnerships and supply chain efficiencies, which is not uncommon in the semiconductor industry according to CIC.

Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis.

QUALITY CONTROL

We are committed to maintaining the highest level of quality in our products. We have designed and implemented a quality management system that provides the framework for continuous improvement of products and processes. We have also implemented a management review control process to conduct regular systematic reviews of our quality management system, in order to closely detect the implementation of our quality management system. All of our smart vehicle products are in compliance with a series of high-level security standards, such as AEC-Q100, which dictates the large temperature range, and ASIL-D, which dictates safety island design in compliance with the highest level of ISO26262 process.

R&D Activities

Throughout our structured SoC design and development lifecycle, we implement rigorous quality control measures in accordance with ISO 9001:2015 requirements to ensure the transformation of customer needs and concepts into deliverable products and services. Specifically, (i) in the planning phase, development and quality plans for each development stage shall be approved by our head of development control; (ii) in the execution phase, product specifications shall be verified against input requirements and validated to satisfy customer needs through testing or simulation; and (iii) all design reviews, verification activities and validation results shall be documented with appropriate records to ensure traceability throughout the development process. See also "— Research and Development — R&D Process."

Supply Chain Management

We have established a comprehensive supplier management system to ensure the quality and reliability of externally provided processes, products and services. This system covers supplier selection, performance evaluation and ongoing monitoring. When selecting and evaluating suppliers, we conduct due diligence and consider a number of factors, including, but not limited to, their qualifications, reputation, industry experience, service or product offerings, pricing and delivery capabilities. The selection criteria and procedures are documented, and different supplier categories are subject to corresponding evaluation standards.

Our procurement department is responsible for communicating with suppliers regarding quality standards and will thoroughly inspect product samples to ensure that they meet all the technical requirements set forth in our product designs. When necessary, we also conduct on-site verification at suppliers' premises to confirm compliance with our quality requirements.

Product Returns and Recalls

We have developed comprehensive non-conforming product control procedures to identify and manage products that do not meet specifications. Our quality department coordinates with relevant functional departments to identify and manage non-conforming products throughout various processes, including incoming purchased materials, outsourced processing, R&D processes, testing, and customer returns after product delivery. When non-conforming products are identified, we handle them through appropriate methods including return, repair, rework, or acceptance with concession. Any repaired or reworked products undergo re-verification to ensure conformity. If non-conforming products are discovered after delivery or during use, our quality department promptly notifies relevant personnel and implements appropriate actions. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material product returns or recalls.

DATA SECURITY AND PRIVACY

We focus on SoC design, sales and marketing. During the Track Record Period and up to the Latest Practicable Date, our users are enterprises rather than individuals and we do not collect, process, or store end-user data generated through our customers' products. Based on the foregoing, our PRC Legal Advisors are of the view that our operations do not involve laws and regulations related to the collection of individual users' personal information under data privacy and data security regulations. We attach the greatest importance to data security and protection. We have established a comprehensive information technology security program to implement data security requirements and best practices, and we continuously invest heavily in data security and privacy protection. Our security program applies multiple layers of safeguards, including confidentiality categorization, access control, data encryption and desensitization to prevent unauthorized access to, leakage of, improper use or modification of, damage to or loss of data. We strive to adopt encryption technologies throughout the data lifecycle to enhance security and implement internal policies governing the authentication and authorization of access to our systems to ensure confidential and certain categories of data can only be accessed by authorized staff. We provide regular data security training to our employees and require them to report any information security breach. Given that (i) we are a provider of AI inference SoCs and our customers are OEMs and companies rather than individual consumers, our products do not collect personal information from third parties for our research and development purposes, and (ii) as confirmed by our PRC Legal Advisors, our Company had not been subject to any material claims, fines or other penalties due to non-compliance with applicable PRC laws and regulations in respect of data security and privacy during the Track Record Period and up to the Latest Practicable Date, our Directors believe that we had complied with the relevant PRC laws and regulations in respect of data security and privacy in all material respects during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY

We depend on our proprietary technologies and production know-how to maintain our competitive position in the markets where we operate, and we create intellectual property through our extensive R&D activities. Our general policy is to apply for patents on an ongoing basis, in China and other appropriate jurisdictions, on patentable developments that are considered to have commercial significance. Our portfolio of patents covers our proprietary technologies used in products as well as many aspects of our product design and manufacturing processes.

We seek to protect our intellectual property and proprietary rights primarily through intellectual property laws, relying on a combination of patent, trademark, trade secret and other intellectual property laws in China and other countries. As of September 30, 2025, we had 631 patents and patent applications, including among others (i) 250 issued patents in China, including 225 inventions; and (ii) 20 issued patents in the U.S. and other jurisdictions, all of which were inventions. We also had (i) 96 software copyrights in China; (ii) 36 major registered trademarks in China; and (iii) 38 domain names as of the same date. See "Appendix IV—Statutory and General Information — B. Further Information About Our Business — 2. Intellectual Property Rights" for details of our material intellectual property rights.

We have a range of internal control policies and measures in place to protect our intellectual property rights and trade secrets. We proactively pursue patent applications for our technological innovations and utilize our patent rights to safeguard our legitimate interests. We require all of our employees to enter into agreements confirming that all intellectual property rights in work-related inventions shall belong to us. Meanwhile, our intellectual property team is proactively taking reasonable steps to detect possible infringement of our intellectual property rights. Upon identifying potential patent infringements by any competitors, we conduct thorough analyzes and comparisons of the competing products. For products that are confirmed to infringe on our patents, we typically take legal actions timely by securing evidence and filing relevant lawsuits. This proactive approach underscores our commitment to protecting our intellectual property and maintaining our competitive edge in the market. We rely on non-disclosure agreements to protect our interests in non-patentable know-how and hard-to-patent manufacturing processes. All contracts we enter into with employees, suppliers and other strategic partners are reviewed and approved by our in-house legal team to ensure that they contain adequate safeguards to prevent unauthorized disclosure. See "Risk Factors — Risks Related to Our Intellectual Property" for the risks we may face in relation to our intellectual property rights.

To the best knowledge of our Directors, we had not experienced any material disputes or claims for infringement of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

The AI inference chip industry in which we operate is highly competitive and rapidly evolving with its technological innovations, frequent introduction of new products and application fields, changes in customer demands and preferences. The global market size of AI inference chip market increased from RMB20.9 billion in 2020 to RMB606.7 billion in 2024 at a CAGR of 132.1%, and is expected to reach RMB3,069.6 billion in 2030 at a CAGR of 31.0% from 2024 to 2030.

According to CIC, we have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024, and the second-largest domestic smart driving SoC provider in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed. In the realm of edge AI inference, we were the third largest provider in China in terms of the shipment volume in 2024, according to the same source. However, we face increasingly intense competition with other international and domestic players engaged in the design and development of software and hardware related to AI chips and solutions. These competitors differentiate themselves through various aspects including product design, solution coverage, processing capabilities as well as customer experience. See "Risk Factors — Risks Related to Our Business and Industry — The industry in which we operate are highly competitive. If we fail to compete with our competitors, our business, results of operations and financial condition may be materially and adversely affected." We believe that the AI inference chip market presents substantial barriers to entry for potential competitors, which include, among other things, technology, capital, customer, talent and ecosystem. For more information on the competitive landscape of our industry, see "Industry Overview."

EMPLOYEES

As of September 30, 2025, we had 626 full-time employees, substantially all of whom were based in the PRC. The following table sets forth the number of our full-time employees by function as of September 30, 2025.

	As of September 30, 2025	
Function	**Number of Employees**	**% of Total**
Research and development	499	79.7%
Sales and marketing	63	10.1%
General and administrative	64	10.2%
Total	**626**	**100.0%**

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high-quality talent pool is one of the core strengths of our company. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hiring and use various methods for our recruitment, including campus recruitment, online recruitment, internal recommendation and recruiting through hunting firms or agents, to satisfy our demands for different types of talents. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. To remain competitive in the labor market, we provide competitive salaries and various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. We enter into employment contracts and agreements regarding confidentiality, intellectual property, and non-competition with all of our employees. During the Track Record Period, we did not fully contribute to social insurance for certain of our employees, primarily due to their unwillingness to bear the full costs associated with social insurance contributions strictly in proportion to their salaries. Our social insurance contributions shortfall amounted to approximately RMB7.9 million, RMB7.0 million, RMB7.9 million, and RMB5.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectfully. According to our PRC Legal Advisors, for the shortfall in social insurance contributions, if the employer fails to pay the contributions in full and on time, a daily late fee at the rate of 0.05% of the outstanding amount will be imposed from the date the payment was due. If the employer still fails to do so within the period specified by the competent authorities, the relevant authorities may impose a fine of between one to three times the amount of the social insurance contributions shortfall. As of the Latest Practicable Date, we had not received any such notice or order. As advised by our PRC Legal Advisors, on the premise that there are no significant changes to the current policies and regulations, as well as in the implementation and supervision requirements of local governments, the risk that we may be subject to any material administrative penalties for failing to make full social insurance contributions is remote. Furthermore, certain of our PRC subsidiaries engaged third-party service providers to contribute to the social insurance and housing provident fund for some of our employees on their behalf during the Track Record Period, which is not in strict compliance with relevant PRC laws and regulations, as we did not pay social insurance and housing provident funds for those employees directly, which may be deemed as failure to contribute social insurance and housing provident fund for such employees. In 2022, 2023, 2024 and the nine months ended September 30, 2025, the amount of contributions to social insurance and housing provident fund made by us through such third-party service providers was RMB0.4 million, RMB0.4 million, RMB0.7 million and RMB0.6 million, respectively. The third-party service providers have paid such contributions to the social insurance and housing provident fund for our employees on time and in full. See also "Risk Factors — Risks Related to Doing Business in the Jurisdictions Where We Operate — We are subject to regulatory requirements in labor-related laws and regulations. Failure to make adequate contributions to various employee benefit plans as required by regulations may subject us to penalties." During the Track Record Period, we did not receive any notification from the relevant PRC authorities requiring us to pay any shortfall in social insurance contributions or imposing any administrative penalties on us with respect to the above practice or regarding such contributions, nor were we aware of any material employee complaints or involved in any material labor disputes with our employees in this regard. If the relevant authorities require us to pay any outstanding social insurance contributions or to take rectification measures in accordance with applicable laws and regulations, we will make such payments or rectification measures promptly. Considering the relevant regulatory policies, regulatory confirmations or interviews, and the facts mentioned above, our PRC Legal Advisors are of the view that, on the premise that there are no significant changes to the current policies and regulations, as well as in the implementation and supervision requirements of local governments, (i) the risk that we may be required by the relevant PRC authorities to pay the full amount of any outstanding social insurance contributions is remote, and (ii) the risk that we may be subject to any material administrative penalties for failing to make full social insurance contributions or engaging third-party service providers to pay the Employee Benefits for some of our employees on their behalf is also remote. Therefore, no provision was made for the contribution of social insurance and housing provident fund during the Track Record Period.

Pursuant to the Article 19(1) of the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關 於審理勞動爭議案件適用法律問題的解釋(二)》) (the "**New Judicial Interpretation**"), which was promulgated on July 31, 2025 and became effective since September 1, 2025, if an employer and an employee agree or the employee commits that social insurance contributions are not required to be paid, the People' Court shall deem such agreement or commitment invalid, and where an employer fails to pay social insurance contributions, and the employee requests to terminate the labor contract and claims economic compensation from the employer in accordance with the PRC Labor Contract Law, the People' Court shall support such claims. For details, see "Regulatory Overview —Regulations on Employment and Social Welfare —Social Insurance." Based on above views of our PRC Legal Advisors, our Directors are of the view that the New Judicial Interpretation would not have a material adverse effect on our business, financial condition or results of operations, based on the following considerations: during the Track Record Period and up to the Latest Practicable Date, (i) our Company and our major subsidiaries in the PRC (a) made social insurance contributions for all our employees and (b) did not make any arrangement with our employees not to participate in the social insurance, either by unilateral undertakings or mutual agreements; (ii) there were no incidents with regard to the termination of the labor contracts between our Company (or any of our major subsidiaries in the PRC) and our employees, or the economical compensation, which was initiated by our employees, on the grounds that we had failed to make social insurance contributions; and (iii) we had not experienced any material labor disputes with regard to social insurance issues during the Track Record Period and up to the Latest Practicable Date.

We did not have an established labor union as of the Latest Practicable Date. We believe that we maintain a good working relationship with our employees and we had not experienced any material labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

During the Track Record Period, in accordance with the relevant PRC laws and regulations, we had duly maintained social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We review our insurance policies from time to time for adequacy in the breadth of coverage. We believe our existing insurance coverage is adequate for our existing operations and is in line with industry practices in China. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. During the Track Record Period, we did not make, or were not the subject of, any material insurance claims.

PATHWAY TO PROFITABILITY

We are deeply committed to business sustainability, which serves as the foundation of all our operations. Our focus remains on creating long-term value and building resilience in a fast-paced and highly competitive market. To achieve this, we consistently invest in advancing our technology and products, optimizing operational performance, and enhance our collaboration with stakeholders across the value chain, to securing and enhancing our position as an industry leader. The following discussion outlines our approach to seizing growth opportunities, reinforcing market leadership, and implementing key strategies that support sustained profitability:

Early Efforts to Lay the Groundwork

(i) Strategically built our foundation through focused product development and market education since our incorporation.

Following our establishment in 2019, we continuously invest in research and development activities and prioritized developing practical AI chips while educating customers about this emerging technology. Our first-generation vision processing chip, the AX630A, completed tape-out in May 2020 and entered mass production and entered the East China market in May 2021, forming in-depth collaborations with leading companies in smart city. Our second-generation SoC, the AX620A, achieved tape-out in July 2021. This rapid progress demonstrates our ability to navigate the time-intensive nature of AI chip development, where evolving standards and novel technology create complexity. Since the launch of our early-generation products, we have focused on exploring application scenarios and conducting market education to strengthen our brand awareness. As of September 30, 2025, we had independently developed and commercialized five generations of SoCs, namely the AX630A, AX620A, AX650N, AX620E and AX520C series, spanning dozens of types.

(ii) Captured remarkable market growth in edge and on-device computing as large AI models emerged.

With the rapid advancement of large AI models, both global tech giants and innovative startups have made significant investment in large AI model training and inference. Historically, large AI models have been deployed in the cloud due to their substantial computational and memory requirements. However, cloud-based deployment raises concerns around latency and privacy, driving the industry to explore edge inference frameworks that enable efficient large AI model processing on resource-constrained devices. This drove demand for localized "edge" and "on-device" AI solutions, creating a market expansion of the global market size of AI inference chips from merely RMB20.9 billion in 2020 to RMB606.7 billion in 2024 at a CAGR of 132.1%. Among which, edge inference segment grew fastest at a CAGR of 158.9% from 2020 to 2024, followed by the growth of on-device inference segment at CAGR of 146.5%, both significantly outpacing the growth of cloud inference segment at a CAGR of 113.0% during the same period. We aligned our portfolio with this remarkable market growth, developing dedicated chips for edge and on-device AI inference chips, and smart vehicle SoCs.

(iii) Maintained substantial R&D investment to drive technological leadership.

Based on our unaudited management accountant, we have invested a total of over RMB380 million in our R&D activities since our establishment in 2019 till 2021. Our R&D expenses in absolute terms were significantly lower during the period from 2019 to 2021 when we were in a foundational technology accumulation phase compared to the Track Record Period. Prior to the Track Record Period, our R&D activities were conducted by a relatively small team, and our revenue was minimal as we had yet to achieve widespread product commercialization. In contrast, our R&D expenses increased substantially during the Track Record Period, primarily attributable to the expansion of our R&D headcount and our commercialization efforts. We strategically recruited additional engineering personnel to support our overall business expansion and to accelerate the development of our growing product pipeline. Furthermore, we incurred significant costs related to tape-out and verification for products approaching mass production, particularly for our technologically advanced smart vehicle SoCs and edge AI inference products launched in 2023. We also made substantial investments in customer-specific customization to support our design wins.

Our historical R&D investment produced industry-defining innovations that we have established our effective technology platform with industry leading IP cores. In particular, our NPU achieves up to 10 times higher throughput per watt compared to traditional solutions based on GPU architecture, according to CIC, while our Axera Proton AI-ISP is the world's first AI-ISP technology commercialized at scale, according to the same source, marking a significant milestone in the computer vision industry. Moreover, our proprietary technology platform embodies an integrated and universal architecture, enabling efficient reuse of IP cores across multiple applications. This scalable approach allows us to rapidly develop, commercialize, and iterate our SoCs with unmatched flexibility and speed.

(iv) Industry-standard investment patterns for AI companies.

Continuous and substantial investment in R&D is essential and widely recognized as an industry norm in the chip sector. Thus initial losses are characteristic of the AI inference chip sector, where companies incur significant upfront R&D costs before reaching profitability. According to CIC, the top five market players in the global visual on-device AI inference chip market typically take more than ten years to achieve net profitability and offset accumulated losses. This extended timeline reflects the high barriers to entry and the necessity for sustained investment in innovation to remain competitive in this rapidly evolving field.

Rapid and Sustainable Growth during the Track Record Period

We have experienced strong revenue growth during the Track Record Period, demonstrating our ability to successfully commercialize our products. Our revenue increased from RMB50.2 million in 2022 to RMB230.1 million in 2023, and further to RMB472.9 million in 2024. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the successful acquisition of Huatu, as well as the continued expansion in on-device computing products and rapid ramp-up of our sales of smart vehicle SoC and edge AI inference products.

As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception. In particular, our sales of on-device computing SoCs and edge computing SoCs experienced significant growth in 2024, increasing by approximately 69% and 400% compared to 2023, respectively. In the nine months ended September 30, 2025, revenue from our on-device computing products remained the primary contributor to our total revenue. Meanwhile, our sales of smart vehicle products and edge computing SoCs saw substantial growth in the nine months ended September 30, 2025, rising by approximately 251.4% and 272.7%, respectively, compared to the same period in 2024. According to CIC, we were the fifth largest provider of visual on-device AI Inference chips globally, in terms of shipment volume in 2024, with a market share of 6.8%, and ranked first in the mid-to-high-end segment with a market share of 24.1%. As of September 30, 2025, we had independently developed and commercialized five generations of SoCs, spanning dozens of types, that have achieved large-scale production in visual on-device computing, smart vehicle and edge AI inference applications.

Our gross profit increased from RMB13.0 million in 2022 to RMB59.2 million in 2023, and further to RMB99.4 million in 2024, and increased from RMB 53.5 million in the nine months ended September 30, 2024 to RMB 57.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the substantial increase in revenue during the years. Moreover, during the nine months ended September 30, 2025, sales of our edge AI inference and smart vehicle products continued to grow, reflecting the culmination of years of development and further boosting our gross profit. Our overall gross profit margin was 25.9%, 25.7%, 21.0%, 21.1% and 21.2% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The overall gross profit margin decreased from 2022 to 2024 mainly due to the change in product mix, especially the increased proportion of on-device computing products, which generally have a lower gross profit margin compared to other products. Nevertheless, as we have continued upgrading our on-device computing products and gradually launched certain mid- to high-end models, coupled with the growing market acceptance of these products, the selling price and gross profit margin of our on-device computing products generally increased from 2022 to 2024.

To capture the market growth and to expand our market shares, we continuously invest in research and development and marketing and other operational activities. As a result, we had loss for the year/period of RMB611.6 million, RMB743.1 million, RMB904.2 million, RMB691.0 million and RMB855.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Eliminating impact of items including (i) equity settled share-based payment, (ii) changes in the carrying amount of redemption liabilities and (iii) listing expenses, we recorded an adjusted loss for the year/period (non-IFRS measure) of RMB444.1 million, RMB542.5 million, RMB627.7 million, RMB489.5 million and RMB462.2 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. See "Financial Information—Description of Selected Items of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income—Non-IFRS Measure." Our loss for the year/period and adjusted loss for the year/period (non-IFRS measure) were primarily due to:

(i) *Massive R&D expenses during the Track Record Period:* We incurred a significant amount of R&D expenses during the Track Record Period, amounting to RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million, respectively, in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025. The significant amount of R&D expenses was primarily a result of the substantial resources we allocated in developing our proprietary technologies and products.

(ii) *Increase in general and administrative expenses and sales and marketing expenses during the Track Record Period:* We are currently growing rapidly. The absolute dollar amounts of our general and administrative expenses and sales and marketing expenses (excluding share-based compensation) increased throughout the Track Record Period as our business grew rapidly. Our general and administrative expenses amounted to RMB51.3 million, RMB114.5 million, RMB136.2 million, RMB100.6 million and RMB160.4 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 102.2%, 49.7%, 28.8%, 39.6% and 59.6% of our revenue for the same years/periods, respectively. Our general and administrative expenses are relatively high in the nine months ended September 30, 2025, primarily because of (i) an increase of RMB40.5 million in employee compensation expenses, which mainly reflected the equity settled share-based payment for our employees as well as an increase in headcount of our general and administrative personnel, and (ii) the RMB21.3 million listing expenses recorded during the period. Our sales and marketing expenses amounted to RMB29.3 million, RMB42.0 million, RMB65.5 million, RMB47.6 million and RMB56.3 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 58.2%, 18.3%, 13.9%, 18.7% and 20.9% of our revenue for the same years/periods, respectively. Our general and administrative expenses and sales and marketing expenses increased as we continuously expanded our business scale and ramped up commercialization. However, as we expand the scale and scope of our business, we expect to drive continuous improvements to our operational efficiency.

(iii) *Changes in the carrying amount of redemption liabilities:* We recorded RMB131.4 million, RMB157.7 million, RMB225.0 million, RMB164.0 million and RMB295.0 million in changes in the carrying amount of redemption liabilities in the consolidated statements of profit or loss for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Changes in the carrying amount of redemption liabilities relate to our liabilities to redeem shares with preferred rights issued to our Pre-IPO Investors. At initial recognition, such financial liabilities are measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequently, they are measured at amortized cost. Any changes in the carrying amount of the financial liabilities are recognized in profit or loss. The shares with preferred rights will be reclassified from liabilities to equity upon Listing. For details, see "Financial Information—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Net Finance Costs." We expect that we will turn into net current assets and net assets position upon Listing after reclassifying the redemption liabilities associated with our Pre-IPO Investors and taking into account the net proceeds we will receive.

During the Track Record Period, we financed our operations and other capital requirements primarily through sales of our products, capital contributions from equity holders and bank borrowings. We recorded net cash used in operating activities of RMB447.4 million, RMB460.2 million, RMB597.5 million and RMB548.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. We had cash and cash equivalents, current portion of time deposits and financial assets at fair value through profit or loss of RMB700.8 million, RMB436.9 million, RMB876.4 million and RMB717.2 million in aggregate as of December 31, 2022, 2023, 2024 and September 30, 2025, respectively. Our financial resources are sufficient to cover our net cash flows used in operating activities and provide adequate liquidity for our expansion of business operations. As such, we believe that we possess sufficient working capital, including sufficient cash and liquidity assets, after taking into account the financial resources available to us.

Further Plans to Improve Financial Performance

We recorded loss for the year/period, adjusted loss for the year/period (non-IFRS measure) and net cash used in operating activities for each year/period during the Track Record Period. We currently expect such positions may continue until we achieve a greater scale. Based on the following key initiatives we will continue to pursue to maintain sustainability and achieve profitability, our Directors believe that our business is sustainable:

(i) **Capturing the opportunities presented by the fast-growing markets.** According to CIC, the global market for visual on-device AI inference chips is expected to experience rapid growth in the coming years. The overall market size is expected to grow at a CAGR of 10.2% from 2024 to 2030. Notably, the market is undergoing a significant shift toward mid-to-high-end chips, with this segment anticipated to grow even faster at a CAGR of 19.2% from 2024 to 2030. As the fifth largest provider of visual on-device AI inference chips globally in terms of shipment volume in 2024, holding a 6.8% market share, we are well-positioned to capitalize on this expanding demand. Furthermore, we are ranked first in the mid-to-high-end segment, with a 24.1% market share, underscoring our strong competitive positioning within the high-performance chip category. In the nine months ended September 30, 2025, we further experienced solid growth in our mid-to-high-end chips. Revenue from sales of mid-to-high-end visual on-device AI inference chips, such as AX620 series, increased by 12.4% from RMB54.6 million in the nine months ended September 30, 2024 to RMB62.0 million in the same period of 2025, which outpaced the increase in our overall revenue. In the nine months ended September 30, 2025, the average selling price for these mid-to-high-end visual on-device AI inference chips amounted to approximately RMB19.30 per unit, compared to that of RMB3.52 for the remaining visual on-device AI inference chips.

In addition to the growth in the broader visual on-device AI inference chip market, the emerging smart vehicle application is also presenting significant opportunities, driven by surging demand, technological advancements, declining inference costs, and favorable policies. As the second-largest domestic provider of smart driving SoCs in China in terms of the number of smart vehicles sold in 2024 with such SoCs installed, we are well-placed to capture this expanding market. For example, we started to generate revenue from our M55H SoC in the third quarter of 2022 and M76 SoC in the fourth quarter of 2023 and gradually ramped up our sales of these two smart driving SoCs. As of September 30, 2025, our M55H SoC had obtained 40 design wins with OEMs or Tier 1 suppliers. In addition, the M57 SoC is a more advanced product compared to the M55H SoC, featuring enhanced capabilities to support L2 ADAS with more advanced features. The M57 SoC has completed engineering sample validation and secured design wins for six vehicle models with multiple leading Tier 1 suppliers as of the Latest Practicable Date. We have generated revenue from the sales of the M57 SoC for customer trials since June 2025. We are actively engaging with potential customers to pursue future design wins for the M76H SoC, which is designed for more sophisticated ADAS tasks to provide real-time driving and parking assistance. Building on our successful track record in commercializing SoC products for smart vehicles, we are developing the M97 SoC series and other SoCs, to further enhance vehicle autonomy in complex driving environments. With an anticipated launch in the third quarter of 2026, we expect the M97 SoC series to deliver competitive performance and set a new benchmark for next-generation technology.

Moreover, in the early stages of commercialization, China's shipments of edge AI inference chips are expected to grow rapidly, with a CAGR of 40.6% from 2024 to 2030, and we rank as the third-largest player in this fast-growing segment leveraging our commercialized 8850 SoC which was launched in the first quarter of 2023. Building on our expertise in on-device and edge AI computing, we are actively developing the next generation of edge AI inference SoCs to meet the growing demand for high-performance, energy-efficient, and scalable AI solutions. These forthcoming SoCs, including the 8830 series and 8860 series currently under development, are designed to support a wide range of AI applications by leveraging state-of-the-art technologies that deliver superior computing capabilities and flexibility. For details of our 8860 series, see "—Our Products—Edge AI Inference SoCs – Tapping into Emerging and Vast Application Scenarios—Edge AI Inference SoCs under Development." By leveraging our industry expertise, technical capabilities, and leading market positions, we are strategically aligned to capitalize on the significant growth opportunities across the visual on-device AI inference chip, smart vehicle, and edge AI inference chip markets in the coming years. As of September 6, 2025, we had an aggregate order value of approximately RMB95.8 million to be fulfilled. We expect to deliver products to our customers under these orders in around two months.

(ii) **Enriching our product portfolio and expanding our customer base.** By continuously enhancing our product portfolio and developing innovative new capabilities, we are committed to better addressing the evolving needs of our customers. In 2025, we have secured orders for our newly launched products and are further expanding our product portfolio. For example, our M57 SoC, which successfully completed tape-out in January 2025, is designed to address global market demands for L2 ADAS applications and has completed engineering sample validation and secured design wins for six vehicle models with multiple leading Tier 1 suppliers as of the Latest Practicable Date. In addition, we are actively working towards developing more advanced SoCs targeting smart vehicle and edge computing markets. To support higher levels of smart driving, we are developing advanced SoCs, such as M97, which will feature significantly enhanced AI computing capabilities, multi-sensor fusion support, and scalability for more complex smart driving scenarios. We expect to launch M97 in the third quarter of 2026, followed by versatile and scalable solution. Furthermore, we are developing the 8830 Series and 8860 Series edge AI products, which are designed to support a wide range of AI applications by leveraging state-of-the-art technologies that deliver superior computing capabilities and flexibility.

(iii) **Optimizing product mix to maintain and improve our gross margin profile.** We are committed to further optimizing our product mix to maintain and improve our overall gross profit margin. On-device computing products have been our largest revenue and gross profit contributor, and we have continued to upgrade these products, gradually launching certain mid-to-high-end models. Coupled with growing market acceptance, the selling price and gross profit margin of our on-device computing products generally increased during the Track Record Period. The gross profit margin of our on-device computing products increased from 16.7% in 2022 to 19.6% in 2024. Additionally, our emerging smart vehicle products and edge AI inference products, which are at the early stages of ramping up, have recorded relatively higher gross profit margins. In 2024, our gross profit margins for smart vehicle products and edge AI inference products amounted to 52.9% and 42.3%, respectively. In the nine months ended September 30, 2025, we further experienced growth of our smart vehicle products and edge AI inference business, which maintained relatively high gross profit margins and contributed to a larger portion of our total gross profit. Gross profit from our smart vehicle products and edge AI inference business increased by 237.9% from RMB2.9 million in the nine months ended September 30, 2024 to RMB9.8 million in the nine months ended September 30, 2025. The gross profit margin for smart vehicle products was 55.6% and 49.5% for the nine months ended September 30, 2024, and 2025, respectively, while the gross profit margin for edge AI inference products was 47.1% and 42.5% for the same periods, respectively. As we continuously introduce new products featuring advanced technologies in these two business segments, we expect to generate more revenue and gross profit from these two segments, and therefore improving our overall gross profit margin.

(iv) **Enhancing our operational efficiency and economies of scale.** Through disciplined cost management and optimization of our resources and infrastructure, we are committed to enhancing our operational efficiency and improving our profitability and competitive positioning. We have established a differentiated platform-based operational model that systematically integrates our technology innovation, product development, and go-to-market strategies to drive scalable growth in the rapidly evolving AI SoC industry. We expect to further optimize this platform-based operational model to drive even greater operating efficiency. Our total operating expenses, including research and development expenses, general and administrative expenses and sales and marketing expenses, have decreased significantly as a percentage of revenue during the Track Record Period, from 1,047.5% in 2022 to 234.4% in the nine months ended September 30, 2025, primarily due to the benefits of economies of scale as our revenue growth has outpaced the increase in total operating expenses. Specifically, we have made significant investments in R&D activities. We have devoted efforts to optimize the unified R&D team and improve operational efficiency. Our research and development expenses amounted to RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 887.1%, 223.9%, 124.5%, 177.0% and 153.8% of our revenue for the same years/periods, respectively. During the Track Record Period, we allocated the majority of our research and development expenses to our major R&D projects, rather than to early-stage studies and less impactful initiatives. For details of our R&D force and R&D process, see "—Research and Development" above. Furthermore, we believe that the acquisition of Huatu has and will continue to enhance our operational efficiency and economies of scale. We streamlined our team structure to operate with more cohesive and refined resources. For instance, after acquiring Huatu, we took steps to optimize and unify our R&D and administrative teams.

Going forward, we aim to prudently undertake new major R&D projects, prioritizing development initiatives with strong commercial potential and market readiness, which will minimize resource allocation to less impactful initiatives, ensuring efficient use of R&D budgets. Leveraging our integrated technology framework centered on reusable core IPs—including the Axera Neutron NPU, Axera Proton AI-ISP, Pulsar2 toolchain, and SDK—we can efficiently deploy these technologies across diverse application scenarios to achieve rapid product iteration and horizontal expansion into new domains. This approach significantly reduces technical risks, shortens development cycles, and increases the probability of successful commercialization compared to ground-up development of novel technologies. We also expect to realize higher cost efficiencies in the R&D process, particularly in tape-out, testing, and packaging, driven by the increasing economies of scale from mass production. Additionally, we are taking measures to optimize our cost structure and enhance our brand awareness, sales, and marketing efficiencies, which we believe will further bolster our operational performance and competitiveness. For example, we plan to adopt regularly audit operational processes to identify inefficiencies and eliminate redundancies. This includes consolidating overlapping functions, renegotiating supplier contracts, and adopting shared service models for administrative tasks. We expect to leverage our accumulated sales experience to target high-potential customers and markets, and utilize customer analytics and digital tools to optimize sales efforts while reducing costs. We will also continue to invest in digital transformation initiatives, such as AI-driven analytics and supply chain management tools, to improve decision-making, reduce operational inefficiencies, and enhance scalability.

(v) **Continuing stringent cash management practices.** Our cash and cash equivalents increased from RMB68.8 million as of December 31, 2022 to RMB316.7 million as of December 31, 2023, and further increased to RMB843.3 million as of December 31, 2024. Such increases were primarily attributable to the proceeds we received from Series B Financing in 2023 and Series C Financing in 2024. Our cash and cash equivalents decreased from RMB843.3 million as of December 31, 2024 to RMB340.4 million as of September 30, 2025, primarily because we purchased more structured wealth management products for cash management purposes as well as more IP license and materials to support our operation. For details, see "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes." We closely monitor and manage our cash position and cash requirements to ensure that we have sufficient working capital for our operations. Our finance department actively manages our working capital, accounts receivable, and payables. We regularly review our cash position and funding needs to optimize cash allocation across operations, maintain a healthy capital structure, and meet working capital requirements. Prior to securing external financing, our finance department carefully evaluate the purpose and necessity, then selects the most suitable solutions to fulfill cash needs.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

We do not operate any production facilities, which shields us from significant health, work safety, social or environmental risks. During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisors, our Directors are of the view that we had been in compliance with health, work safety and environmental laws and regulations applicable to our operations in all material respects and had not been subject to any material claims, fines or other penalties due to non-compliance with health, work safety or environmental regulations that would materially and adversely affect our business, financial condition or results of operations.

Governance on ESG Matters

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("ESG") principles. We will establish a set of ESG policies ("ESG Policy") in accordance with the standards of Appendix C2 to the Listing Rules, which outlines, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of key performance indicator ("KPI") and (v) the relevant measurements and mitigating measures.

Our ESG Policy will set out different parties' respective responsibilities and authority in managing ESG matters. Our Board will have overall responsibility for overseeing and determining our environmental, social, and climate-related risks and opportunities impacting us, establishing and adopting the ESG Policy and our targets, and reviewing our performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified. Our Board brings diverse ESG experience, with involvement across various domains including environmental initiatives, corporate governance, community philanthropy, ethical labor practices, and supply chain sustainability. For example, Dr. Wang Xin, our independent non-executive director, demonstrates deep ESG expertise from his role at Kweichow Moutai Co., Ltd., where he serves on the ESG committee. His hands-on approach includes regular strategic consultations with Moutai's ESG team to develop rating enhancement initiatives and provide targeted ESG-related recommendations. Meanwhile, our Directors, Supervisors and senior management participated in training on the rules and responsibilities of listed companies in Hong Kong. They are well-informed about the Stock Exchange's expectations for directors to possess the necessary skills and abilities to understand the impact of ESG risks and opportunities and to oversee strategies formulated to address them. To further enhance our Board's ESG capabilities, we will provide regular ESG training programs covering climate risk assessment, sustainability reporting standards, and emerging regulatory requirements.

Our Board will establish an ESG working group to support our Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of ESG related risks; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our ESG-related risks. The ESG working group has to report to our Board on an annual basis on our ESG performance and the effectiveness of the ESG systems.

ESG-related Risk Materiality Assessment and Management

We routinely conduct materiality assessment internally to identify potential ESG issues that are applicable to our Group. We assess the materiality of ESG issues by considering factors including regulatory frameworks, stakeholder priorities, and the impact of such issues on our business operations, financial performance and development sustainability. We have identified the following ESG areas with high priority and relevant quantitative metrics that are applicable to our business:

ESG focus areas	Quantitative metrics
Resource consumption	Total energy (e.g., electricity) consumption (kWh), total water consumption (tons), energy consumption per square meter (kWh/m^2)/ energy consumption per employee, total electricity consumption per unit of revenue (MWh/RMB in million), total water consumption per unit of revenue (tons/RMB in million)
Waste management	Total amount of waste (tons), total amount of waste per unit of revenue (tons/RMB in million)
Workforce welfare and diversity	Gender ratio (%), age group distribution (%), average training hours per employee, employee retention rate (%)

We recognize that ESG risks and stakeholder expectations may evolve over time. We are committed to periodically reviewing and refining our ESG risk assessment framework and materiality evaluation process to ensure their continued relevance and effectiveness in guiding our ESG strategy and practices.

Environmental Protection

Given the nature of our business as a fabless company, we focus solely on chip design and sales, and do not own any self-owned properties. In addition, we outsource related packaging and testing processes to external professional processing service providers and do not operate any manufacturing facilities. As such, we do not produce material emissions or waste, nor do we cause any significant pollution. Further, we do not systematically collect and monitor resource consumption and pollution emission level (including scope 1, 2 and 3 emissions). Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance as our key agenda.

In addition, given our fabless business model, foundries and assembly and testing contractors are primarily associated with potential environmental impacts within our value chain, as they conduct manufacturing activities on our behalf. To monitor our suppliers' environmental performance, we prioritize partnerships with large, well-established listed companies that have robust ESG disclosure practices and publish regular sustainability reports, enabling us to gain an understanding of their environmental performance based on publicly available information. We regularly review such disclosed information, including data on carbon emissions, waste management and environmental compliance, to the extent practicable. Following the Listing, we intend to explore appropriate opportunities to further enhance our supplier engagement and ESG management practices, which may include formulating more structured ESG assessment criteria and progressively strengthening the monitoring of environmental performance of key supply chain partners, subject to our business needs and operational feasibility.

Resource Consumption

Energy

We actively explore strategies to reduce energy consumption, primarily electricity consumption. For instance, we actively promote energy conservation and consumption reduction in our daily operations. We encourage the purchase and use of energy-efficient electronic equipment in our office premises, including the choice of lighting and other electrical appliances used. Our employees are reminded to ensure that the air conditioning and other power-consuming equipment at our office premises are switched off when they are not in use. During the Track Record Period, we used electricity of approximately 315,600 kWh, 556,900 kWh, 1,282,200 kWh, 979,900 kWh and 1,016,500 kWh in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our electricity consumption increased significantly during the Track Record Period, primarily in line with our business expansion and as a result of our acquisition of Huatu in October 2023. The intensity of our electricity consumption, which equals to the electricity consumption in kWh divided by our revenue for the relevant year/period in thousand, amounted to 6.3, 2.4, 2.7, 3.9 and 3.8 in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, which fall within industry ranges as advised by CIC. The electricity consumption per square meter, which equals to the electricity consumption in kWh divided by the square meters for the relevant year/period, amounted to 258 kWh/㎡, 713 kWh/㎡, 748 kWh/㎡, 600 kWh/㎡ and 588 kWh/㎡. Our energy-saving initiatives have demonstrated initial effectiveness, as evidenced by the reduction from the nine months ended September 30, 2024 to the nine months ended September 30, 2025. While this represents a modest improvement, we recognize the need to accelerate our efforts and have committed to more stringent targets and comprehensive measures going forward. See also "—Environmental Protection—Targets and Goals."

Water Resources

We focus on water resources issue and actively shoulder the social responsibility of protecting water resources. Municipal water supply networks are the main incoming source of our water supply, and we have not encountered any major difficulties seeking suitable water sources during the Track Record Period. Our water resources were mainly used for daily use in offices and R&D facilities to support our in-house research and development activities during the Track Record Period.

Emissions

Waste Treatment

We generate hazardous and non-hazardous waste primarily from daily office work. Hazardous waste mainly includes discarded ink cartridges, and obsolete electronic equipment, such as used computer accessories. Non-hazardous waste includes office general waste, such as paper and domestic-type waste. To minimize waste generation, we actively promote a paperless office environment and encourage employees to print double-sided when printing is necessary. For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, we generated approximately 13.5 kg, 19.7 kg, 20.5 kg, 22.3 kg and 26.8 kg of discarded ink cartridges and waste electronic equipment, respectively. All of our waste is properly collected and disposed.

Greenhouse Gas Emission

In response to the national target of carbon neutrality, we actively focus on reducing the greenhouse gas emissions generated during our operations. Our greenhouse gas emissions are primarily indirect emissions, which mainly include the greenhouse gas emissions from usage of purchased electricity.

Climate-related Risks

The climate-related risks we are exposed to can be divided into two broad categories: physical and transition risks. We define physical risks as risks related to the physical impacts of climate change, consisting of (i) acute physical risks, such as increased severity of typhoon or floods; and (ii) chronic physical risks that are affected by long-term changes in climate patterns, such as changes in average annual rainfall or temperature. We define transition risks as the transition from dependence on fossil fuels to a low-carbon economy, which may involve changes in policy, laws, technology markets, as well as social culture, such as possible carbon taxes, compliance disclosures, and increased use of new energy sources across businesses and households. Due to the nature of our business, we are not prone to material impacts of chronic physical risks or transition risks. Our business, operations and financial condition had not been materially affected by any climate-related events during the Track Record Period and up to the Latest Practicable Date. We are not expected to incur substantial compliance costs on mitigating climate-related risks in the foreseeable future. Going forward, we will incorporate climate-related issues, including the analysis on physical and transition risks, into risk assessment process and risk appetite setting, and closely monitor our business operation to reduce the possible impacts of physical and transition risks.

Targets and Goals

With the expansion of our business and the continuous broadening of our product portfolio, we expect an increase in resource consumption.

However, we plan to implement the following targets in the next three years: (i) to reduce electricity consumption per employee/square meter by 15% by 2027 compared to 2024; and (ii) to achieve a 15% reduction in Scope 2 emissions intensity per employee by 2027 compared to 2024. These targets are set considering our expected business growth and anticipated energy efficiency improvements from technology upgrades. We will continue to adopt a wide range of measures, including strengthening waste control, utilizing resources conscientiously and responsibly, improving water reuse and discharge practices, and reducing pollution throughout our operations.

Our immediate plans include implementation of basic energy-saving practices such as automatic shutdown of IT equipment and optimized air conditioning schedules, and promote paperless office initiatives to reduce overall resource consumption. At the same time, we strive to cultivate a corporate culture of environmental protection and work closely with our business partners to build an environment-friendly ecosystem. We are committed to improving the environmental-friendly actions across our routine office operations, supplier selection, raw material inflow, R&D process and waste management. Based on available industry data, we benchmark our performance against comparable fabless semiconductor companies, with our goal being to continuously enhance resource utilization efficiency across our operations, focusing on optimizing energy usage per unit of output and implementing sustainable practices that balance business growth with environmental responsibility.

Workforce Welfare and Diversity

Within our organization, we are committed to creating an open and inclusive culture that promotes equality. We hire employees based on their merits and it is our corporate policy to offer equal opportunities to them regardless of gender, age, race, religion or any other social or personal characteristics. We actively promote gender equality, particularly in management and technical positions, by providing female employees with ample career development opportunities to help them achieve their professional aspirations. We also value age diversity, with a team structure that combines experienced senior staff and dynamic younger employees. This balance ensures the integration of industry expertise with innovative perspectives, fostering a workforce that supports our sustainable development. We adhere to a fair and transparent employee management system and strive to enhance gender and age diversity of our workforce. We established human resources management policies that systematically outline the recruitment processes, promotion procedures, dismissal/resignation processes, performance evaluation approaches, retention strategies, salary and benefits procedures, employee training, etc. We implement a merit-based hiring approach so make sure our recruitment is based on the principles of openness, fairness and equity.

Anti-corruption and Anti-bribery

We have implemented strict internal policy to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate. The policies explain potential bribery and corruption conduct and our anti-bribery and anti-corruption measures. Improper payments prohibited by the policy include bribes, kickbacks, excessive gifts or facilitation payment, or any other payment made or offered to obtain an undue business advantage. We also have regular trainings for employees regarding anti-bribery and anti-corruption policies to facilitate better implementation.

PROPERTIES

Our headquarter is located in Ningbo, China. As of September 30, 2025, we did not own any properties.

As of September 30, 2025, we primarily operated our businesses through 15 leased properties in Chinese mainland with a total gross floor area of approximately 13,000 square meters. These properties are mainly used for our R&D activities and office operations. Our lease agreements in respect of the abovementioned leased properties generally have terms ranging from one to five years. We plan to renew our leases or negotiate new terms when the existing leases expire. We did not experience material difficulties in negotiating renewal of our leases with our landlords during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of properties in China and other jurisdictions where we operate.

As of the Latest Practicable Date, we had not completed lease registrations for certain of our leases with the relevant regulatory authorities. As advised by our PRC Legal Advisors, the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. Therefore, we have the right to use such properties in accordance with the lease agreement but we may be subject to the risks of fines if the lease registration is not completed as required by the relevant local housing administrative authorities. The maximum penalty that we may be liable in relation to the failure of registering lease agreements during the Track Record Period was RMB30,000. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of the lease agreements. In view of the above, no provision was made for such non-registration in our consolidated financial statements during the Track Record Period. See "Risk Factors—Risks Related to Doing Business in the Jurisdictions Where We Operate—We face certain risks relating to our leased properties, which may disrupt our operations and relocation costs."

As of the Latest Practicable Date, none of the properties leased or owned by us had a carrying amount of 15% or more of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to all our Group's interests in land or buildings.

AWARDS AND RECOGNITION

The table below sets forth a summary of the major awards and recognition we received as of the Latest Practicable Date.

Year	Award/Recognition	Granting Authority/Institution
2025	National Specialised and New "Little Giant" Enterprise (國家級專精特新"小巨人"企業)	MIIT
2025	2025 China IC Design Fabless 100 Ranking—Top 10 AI Chip Companies	AspenCore
2024	Local Footprint Award	Aptiv
2024	2024 Forbes China AI Tech Enterprises Top 50	Forbes China
2024	China IC Design Awards—Popular IC Products—Best AI Chip of the Year; 2024 China IC Fabless 100—Top 10 AI Chip Companies	AspenCore
2023	2023 Gaogong Golden Globe Award—High-Growth Supplier of Domestic Smart Driving SoC Solutions; Best Product of the Year—CMS Solution Based on the M55H Series Chips	GGII Smart Vehicle Research Institute
2023	Most Innovative Product Award	elecfans.com and elexcon (Shenzhen International Electronics Exhibition)
2023	China IC Design Awards—Popular IC Products - Best AI Chip of the Year	AspenCore

LICENSES, PERMITS AND APPROVALS

Our PRC Legal Advisors have advised us that, during the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite certificates, permits and licenses from relevant authorities that are material for our operations in the PRC, and all of such certificates, permits and licenses are within their respective effective periods.

The following table sets forth a summary of the key licenses, permits and certificates that we obtained:

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
High and New Technology Enterprise Certificate	Our Company	Ningbo Municipal Science and Technology Bureau, Ningbo Municipal Finance Bureau, Ningbo Municipal Tax Service, State Taxation Administration	December 6, 2024	December 5, 2027
High and New Technology Enterprise Certificate	Beijing Axera	Beijing Municipal Science and Technology Commission, Beijing Municipal Finance Bureau, Beijing Municipal Tax Service, State Taxation Administration	December 19, 2024	December 18, 2027
High and New Technology Enterprise Certificate	Shanghai Axera	Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, Shanghai Municipal Tax Service, State Taxation Administration	December 26, 2024	December 25, 2027

License/Permit	Holder	Issuing Authority	Issue Date	Expiration Date
High and New Technology Enterprise Certificate	Zhejiang Xinsheng	Department of Science and Technology of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial Tax Service, State Taxation Administration	December 7, 2024	December 6, 2027
Filing Certificate of Customs Declaration Entity	Our Company	Ningbo Zhenhai Customs District of the PRC	July 26, 2023	Perpetual
Filing Record of Customs Import/Export Consigner/ Consignee	Beijing Axera	Beijing Zhonguancun Customs District of the PRC	August 5, 2019	Perpetual
Filing Record of Customs Import/Export Consigner/ Consignee	Shanghai Axera	Shanghai Pudong Customs District of the PRC	October 21, 2020	Perpetual
Filing Record of Customs Import/Export Consigner/ Consignee	Wuhu Axera	Wuhu Customs District of the PRC	August 27, 2019	Perpetual
Registration Certificate of Customs Declaration Entity	Zhejiang Huatu	Hangzhou Customs District of the PRC	June 12, 2016	Perpetual

LEGAL PROCEEDING AND COMPLIANCE

Legal Proceedings

From time to time, we may become involved in legal proceedings in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance. As advised by our PRC Legal Advisors, we had complied, in all material respects, with all relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date.

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

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

See "Risk Factors" for detailed discussion of the various risks and uncertainties we confront. We also encounter diverse market risks, including credit, liquidity, interest rate and currency risks. See "Financial Information — Quantitative and Qualitative Disclosure about Market Risk."

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

To monitor the ongoing implementation of risk management policies and corporate governance measures after the Listing, we have adopted or will continue to adopt, among other things, the following risk management measures:

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

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

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

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant (the "**Internal Control Consultant**") to perform certain agreed-upon procedures (the "**Internal Control Review**"), in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, human resources and payroll management, general controls of IT system, taxation management, procurement management, and other procedures of our operations. The Internal Control Consultant performed the Internal Control Review in March 2025 and follow-up reviews in May 2025. As of the Latest Practicable Date, no material issues relating to our Group's internal control were identified after the follow-up review.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

- We have implemented a range of measures and procedures covering various aspects of our business operations, including quality assurance, intellectual property protection and environmental protection. For more information, see "— Quality Control," "— Intellectual Property" and "— Environmental, Social and Governance." As part of our employee training program, we regularly provide various types of training to our staff.

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

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

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

U.S. Export Administration Regulations Compliance

To ensure compliance with export control regulations and mitigate any risks of a potential export violation, we have maintained a U.S. Export Controls and Sanctions Compliance Manual ("Manual") that defines the trade compliance roles and responsibilities for company personnel and outlines procedures for managing export controls and sanctions risks. The Manual contains the following parts:

- Overview of the key concepts, scope, prohibitions and penalties for violation of the EAR;

- Responsible officers and company roles;

- Compliance elements and procedures, including supply chain due diligence, customer due diligence, physical security and technology control plan;

- Risk assessment, including guidelines on dealings with foundries and OSAT companies, design process for chipsets, IT infrastructure, practical and logistics challenges and U.S. persons employees;

- Training, recordkeeping, reporting and internal review, and periodic review and update.

For example, when we have developed a new chipset product, we will conduct a jurisdictional analysis of whether such product is subject to the EAR with the assistance of our U.S. Export Control and Sanctions Counsel. We conduct supply chain due diligence, customer due diligence, and other compliance procedures regularly in accordance with the Manual. Specifically, we perform a screening of the counterparty against the Consolidated Screening List prior to the commencement of any transaction, and includes robust export control and sanctions compliance clauses in its business contracts with counterparties. Our U.S. Export Control and Sanctions Counsel is of the view that strict implementation of our current policies and procedures will help mitigate U.S. export control risks and ensure compliance going forward. We also distribute the Manual to our employees and conduct regular training to enhance employees' compliance awareness.

During the process of preparing for the Listing, we engaged an independent internal control consultant, to perform a long form report engagement over the internal control of our Company and our major operating subsidiaries, in accordance with AATB1. After the follow-up review, there is no material control deficiencies identified by the internal control consultant in relation to the internal controls process of monitoring, updating the list of sanctioned entities, and responding to counterparties involved in the list.

Impact of International Trade Policies

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by the government authorities in various countries, and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. For details, see "Risk Factors—Risks Related to our Business and Industry—We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations on AI, semiconductor and related technologies, and our business, financial condition and results of operations could be adversely affected."

Starting in February 2025, the U.S. imposed significant tariffs on imports from China, including two sets of tariffs under the International Economic Emergency Powers Act ("IEEPA"). These measures prompted reciprocal tariffs from China and other countermeasures, including various controls on exports of rare earth elements and critical minerals to the United States. After a brief escalation of tariffs on Chinese goods to a baseline of 145% in April and May 2025, the parties agreed to suspend heightened tariffs as negotiations continued. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The United States has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10 percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. The United States has also further extended the expiration of certain Section 301 tariff exclusions until November 10, 2026. The United States and China also reciprocally suspended port fees on vessels built, owned, and operated by nationals of the other country for one year, among other de-escalation measures.

The enhanced U.S. tariffs apply to certain products, materials, and components imported into the United States. The materials and components that we produced during the Track Record Period were not imported into the United States and, therefore, were not subject to any enhanced U.S. tariffs. In addition, since our products were not imported into the United States and we did not generate revenue from the U.S. during the Track Record Period, there is no direct impact of the U.S. tariffs on our Group. As of the Latest Practicable Date, the indirect impact of the increased tariffs by the U.S. on our business operations and financial performance was minimal. We were not informed by any of our customers and suppliers that their businesses with us have or are likely to be affected by U.S. tariffs. We currently plan to expand and deepen collaborations with leading international automotive Tier 1 suppliers with a strong presence in Europe, whose vehicles will be sold in regions including Europe, the Americas, and Asia. As of the Latest Practicable Date, we were not aware of any circumstance and were not informed by such partners that our collaboration with them would be affected by the U.S. tariffs. Furthermore, as we currently do not target or plan to shift our strategic focus to the U.S. market, and the U.S. market is not expected to account for a significant portion of our revenue, we are of the view that the enhanced U.S. tariffs will not have any material adverse impact, directly or indirectly, on our sales expansion plans in the near to mid-term.

OVERVIEW

As of the Latest Practicable Date, our Company was owned by: (i) Jiaxing Zhixin as to 8.93%; (ii) Jiaxing Aixin as to 7.49%; (iii) Shanghai Bonasi as to 4.74%; (iv) Xinsheng Bicheng No.1 as to 0.62%; (v) Xinsheng Bicheng No.2 as to 0.37%; (vi) Xinsheng Bicheng No.3 as to 0.37%; and (vii) Xinsheng Bicheng No.4 as to 0.25%, respectively (Xinsheng Bicheng No. 1, Xinsheng Bicheng No. 2, Xinsheng Bicheng No. 3 and Xinsheng Bicheng No. 4 are collectively referred to as "**Xinsheng Bicheng Platforms**"). Dr. QIU controls Shanghai Jinling, which is the general partner of the abovementioned entities. Although the aggregate voting power of the abovementioned entities at the general meetings of our Company fell below 30%, Dr. QIU, through Shanghai Bonasi (an entity controlled by Dr. QIU), is in a position to control the composition of a majority of the Board according to the currently effective articles of association of our Company, which stipulates that Shanghai Bonasi has the right to control six out of eleven seats on the Board. The six directors appointed by Dr. QIU through Shanghai Bonasi (i.e. Dr. QIU, Mr. SUN Weifeng (孫微風), Mr. SHI Xiaoye (施曉燁), Mr. WANG Yuan (王遠), Mr. ZHAO Changhua (趙昌華) and Mr. LIU Jianwei (劉建偉)) all served as directors of our Company as of the Latest Practicable Date, and have been involved in day-to-day management and operation of our Company. They are expected to remain so until the time immediately prior to the Listing. Therefore, pursuant to Rules 1.01 and 19A.14 of the Listing Rules, Dr. QIU, Shanghai Jinling (the general partner of Jiaxing Zhixin, Jiaxing Aixin and Shanghai Bonasi, as well as the general partner of each of the Xinsheng Bicheng Platforms upon completion of the relevant share swaps, as further detailed in "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers"), Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms constituted a group of controlling shareholders as of the Latest Practicable Date, and are expected to remain so until the time immediately prior to the completion of the Global Offering.

Upon completion of the Global Offering, as a result of the termination of the special rights and the changes in the Board composition, Dr. QIU will no longer be able to control the majority of the Board seats of our Company. Additionally, assuming the Over-allotment Option is not exercised, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms will collectively be entitled to exercise voting rights attaching to 18.70% of the total issued Shares of our Company. Accordingly, our Company will no longer have any controlling shareholder. Instead, Dr. QIU, Shanghai Jinling, Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Xinsheng Bicheng Platforms will constitute the Single Largest Group of Shareholders upon completion of the Global Offering.

Shanghai Jinling was held by Dr. QIU as to 99.0% and Ms. LING Yiwen ("**Ms. LING**"), the sister of Dr. QIU's spouse, as to 1.0%. Ms. LING does not constitute one of our Single Largest Group of Shareholders as (i) Ms. LING is not an immediate family member of Dr. QIU and a relatively remote relationship does not, in and of itself, give rise to presumption of concerted action or shared control; (ii) Ms. LING is not a Director or a member of the senior management of the Company, and has never been involved in the management, operations, or strategic decision-making processes of the Group; (iii) Ms. LING only holds 1.0% minority interests in Shanghai Jinling and this minority stake does not afford her any substantive voting power, veto rights, or control rights over the affairs of Shanghai Jinling; and (iv) there is no agreement, understanding or intention between Ms. Ling and Dr. QIU to act in concert with respect to the Company's shareholding, governance or management.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Single Largest Group of Shareholders and/or their close associates after the Listing.

Management Independence

Our business is managed and conducted by the Board and senior management. Our Board consists of four executive Directors, four non-executive Directors and four independent non-executive Directors. For more information, see "Directors, Supervisors and Senior Management." Save for Dr. QIU, none of our Directors, Supervisors or members of senior management is a member of our Single Largest Group of Shareholders or their respective close associates. Our other Directors have relevant experience to ensure the proper functioning of the Board.

We believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from our Single Largest Group of Shareholders and/ or their close associates 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. 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. For details of the industry experience of our senior management team, see "Directors, Supervisors and Senior Management";

(iii) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations;

(iv) our Board has a balanced composition of executive, non-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 one-third of the Board, and do not and will not take up any position with our Single Largest Group of Shareholders and/or their respective close associates. All of our four independent non-executive Directors are independent of our Single Largest Group of Shareholders and/or their respective close associates and have extensive experience in their respective areas of expertise. For details, see "Directors, Supervisors 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;

(v) 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 at the relevant Board meetings of our Company in respect of such transactions; and

(vi) upon Listing, 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 and/or their respective close associates 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 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 and/or their respective close associates 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 and/or their respective close associates. 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, and makes 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 and their respective close associates. 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.

To support the implementation of our Restricted Share Incentive Scheme, our Company has provided loans to four of our Employee Incentive Platforms, namely Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3, and Xinsheng Bicheng No.4 (collectively, the "**Lending**"). The amount of loan provided to Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3, and Xinsheng Bicheng No.4 was RMB64,820, RMB892,000, RMB2,040,000 and RMB936,320, respectively. Providing loans to the four Employee Incentive Platforms is to refund the grantees under the previous Huatu ESOP arrangements their respective paid consideration for the incentive awards following the termination of Huatu ESOP. As the funds are allocated exclusively for the benefit of employees under the incentive scheme, and the arrangement is structured to align the long-term interests of employees with those of the Company. Our Directors believe that the Lending serves the overall interests of the Company and its shareholders, by promoting employee retention, motivation, and alignment with the Company's strategic goals. Our Directors are also of the view that the Lending, instead of borrowing from our Employee Incentive Platforms, does not result in reliance on our Single Largest Group of Shareholders. Each of Xinsheng Bicheng No.1, Xinsheng Bicheng No.2, Xinsheng Bicheng No.3, and Xinsheng Bicheng No.4 is a close associate of Dr. QIU, and thus the loans contemplated under the Lending constituted one-off connected transactions, even though the full repayment of such loans will take place after the Listing.

Save as disclosed above, 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. As of the Latest Practicable Date, our Group did not intend to obtain any borrowing, guarantees, pledges and mortgages from our Single Largest Group of Shareholders and/or their close associates. We are capable of obtaining financing from third parties, if necessary, without reliance on our Single Largest Group of Shareholders and/or their close associates.

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

Upon Listing, save as disclosed in "Directors, Supervisors and Senior Management—Corporate Governance Code," we will comply with all other provisions of the Corporate Governance Code set forth in Appendix C1 to the Listing Rules, which sets out the principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in the protection of 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 Single Largest Group of Shareholders and/or their respective close associates:

(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) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with any member of our Single Largest Group of Shareholders or any of their close 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;

(iii) 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;

(iv) our Board will consist of a balanced composition of executive and 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. Our independent non-executive Directors, individually and collectively, possess the requisite knowledge and experience. They are committed to providing experienced and professional advice to protect the interests of our minority Shareholders;

(v) our independent non-executive Directors will (i) review any connected transactions annually and disclose in our annual report or by way of announcements that, such connected transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole; and (ii) provide impartial and professional advice to protect the interests of our minority Shareholder;

(vi) our Single Largest Group of Shareholders and/or their respective close associates 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 with basis on matters reviewed by 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 appraisal committee and nomination 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; and

(x) we have appointed BOCOM International (Asia) 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 and/or their respective close associates, and to protect minority Shareholders' rights after the Listing.

OVERVIEW

Immediately Before the Global Offering

As of the Latest Practicable Date, the issued share capital of our Company was RMB482,845,281, comprising 482,845,281 Unlisted Shares with a nominal value of RMB1.00 each.

Upon the Completion of the Global Offering

Immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares, the share capital of our Company will be as follows:

Assuming the Over-allotment Option is not exercised:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
H Shares to be converted from Unlisted Shares [(1)]	482,845,281	82.15%
H Shares to be issued pursuant to the Global Offering	104,915,200	17.85%
Total	**587,760,481**	**100.0%**

Assuming the Over-allotment Option is exercised in full:

Description of Shares	Number of Shares	% of the total issued share capital of our Company
H Shares to be converted from Unlisted Shares [(1)]	482,845,281	80.00%
H Shares to be issued pursuant to the Global Offering	120,652,400	20.00%
Total	**603,497,681**	**100.0%**

Note:

(1) Following the completion of the Global Offering, all 482,845,281 Unlisted Shares held by our existing Shareholders will be converted into H Shares on a one-for-one basis and listed on the Stock Exchange for trading. Filing of such conversion of Unlisted Shares into H shares has been completed with the CSRC on January 6, 2026. For details of the identities of the Shareholders whose Shares will be converted into H Shares upon the Listing, see "History, Development and Corporate Structure — Our Capitalization" in this prospectus.

SHARES OF OUR COMPANY

Upon completion of the Global Offering, the share capital of our Company will consist of H Shares only. The H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect, and other persons who are entitled to hold the H Shares pursuant to relevant PRC laws and regulations or upon approval by any competent authorities.

All dividends in respect of the H Shares are to be declared in RMB and paid by our Company in Hong Kong dollars or RMB, whereas all dividends for Unlisted Shares will be paid in RMB. Other than cash, dividends could also be paid in the form of Shares or a combination of cash and Shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Hong Kong Stock Exchange, such conversion, listing and trading will need the filing of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

Pursuant to the filing notice of the CSRC dated January 6, 2026, 482,845,281 Unlisted Shares will be converted to H Shares on a one-for-one basis and be listed for trading on the Stock Exchange upon completion of the Global Offering.

Listing Review and Filing with the CSRC

In accordance with the Overseas Listing Trial Measures and related guidelines, H-share listed companies shall file with the CSRC for the conversion of Unlisted Shares into H shares for listing and circulation on the Hong Kong Stock Exchange. An unlisted domestic joint stock company may file for "full circulation" when applying for an overseas initial public offering.

Our Company has applied for a "full circulation" filing when applying for an overseas listing filing with the CSRC on June 26, 2025, and submitted the filing reports, authorization documents of the Shareholders of Unlisted Shares for which an H-share "full circulation" filing was applied, undertaking about the compliance of share acquisition and other documents in accordance with the requirements of the CSRC.

Our Company has received the filing notice from the CSRC dated January 6, 2026 in relation to the filing of the overseas listing and "full circulation," pursuant to which:

(i) our Company was approved to issue no more than 138,817,900 H Shares with a nominal value of RMB1.00 each, which are all ordinary shares, and upon this issuance our Company may be listed on the Main Board of the Stock Exchange;

(ii) a total of 482,845,281 Unlisted Shares (with a nominal value of RMB1.00 each) held by existing Shareholders of the Company (the "**Full Circulation Participating Shareholders**") were approved to be converted into H Shares, and the relevant Shares may be listed on the Stock Exchange upon completion of the conversion.

Where the Global Offering cannot be completed within one year upon receipt of the filing notice, and our Company will continue to conduct overseas listing and global offering after that, it shall update the filing materials, and the CSRC will update the public filing information accordingly.

Listing Approval by the Stock Exchange

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from 482,845,281 Unlisted Shares on the Stock Exchange, which is subject to the approval by the Stock Exchange.

We will perform the following procedures for the Conversion of Unlisted Shares into H Shares after receiving the approval of the Stock Exchange: (i) giving instructions to our H Share Registrar regarding relevant share certificates of the converted H Shares; and (ii) enabling the converted H Shares to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS.

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

The PRC Company Law provides that in relation to the public share offering of a company, the shares of the company which have been issued prior to the offering shall not be transferred within one year from the date of the listing. Accordingly, Shares issued by our Company prior to the Listing Date shall be subject to this statutory restriction and shall not be transferred for a period of one year from the Listing Date.

The Company will work with the Domestic Securities Company to be engaged by the Company to restrict the trading of the H Shares converted from unlisted Shares technically within one year after the Listing. In the unlikely event that any Full Circulation Participating Shareholders trades their H Shares during such restriction period, as advised by the PRC Legal Advisors, there will be no administrative penalty on the Company under the PRC laws and regulations but there is risk that the underlying agreement for the transfer of such H Shares may be declared void pursuant to the Civil Code of the People's Republic of China.

Pursuant to the PRC Company Law, transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in the Company. The Shares that the aforementioned persons held in the Company cannot be transferred within one year from the date on which the shares are listed and traded, nor within half a year after they leave their positions in the Company. The Articles of Association may contain other restrictions on the transfer of our Shares held by our Directors, Supervisors and members of senior management, a summary of which is set out in "Appendix III—Summary of Articles of Association" in this prospectus.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstances under which our general Shareholders' meeting required, see "Appendix III—Summary of Articles of Association" in this prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised), the following persons will have interests and/or short positions (as applicable) in the Shares or underlying Shares of our Company, which would be required to be disclosed to us and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company:

			Shares interested in as of the Latest Practicable Date		Shares interested in immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
Name of Shareholder	**Nature of Interest (1)**	**Description of Shares**	**Number**	**% of shareholding in the total issued share capital of our Company**	**Number**	**% of shareholding in the Unlisted Shares / H Shares (as applicable) (2)**	**% of shareholding in the total issued share capital of our Company (2)**
Jiaxing Zhixin (3) (4)	Beneficial owner; interests held jointly with another person	Unlisted Shares	102,176,584	21.16%	—	—	—
		H Shares	—	—	102,176,584	17.38%	17.38%
Jiaxing Aixin (3) (4)	Beneficial owner; interests held jointly with another person	Unlisted Shares	102,176,584	21.16%	—	—	—
		H Shares	—	—	102,176,584	17.38%	17.38%
Shanghai Bonasi (3) (4)	Beneficial owner; interests held jointly with another person	Unlisted Shares	102,176,584	21.16%	—	—	—
		H Shares	—	—	109,919,584	18.70%	18.70%
Shanghai Jinling Enterprise Management Consulting Co., Ltd. (上海衿淩企業管理諮詢有限公司) (**"Shanghai Jinling"**) (4)	Interested in controlled corporations; interests held jointly with another person	Unlisted Shares	109,919,584	22.77%	—	—	—
		H Shares	—	—	109,919,584	18.70%	18.70%
Dr. QIU (3) (4)	Interested in controlled corporations; interests held jointly with another person	Unlisted Shares	109,919,584	22.77%	—	—	—
		H Shares	—	—	109,919,584	18.70%	18.70%
Ningbo Yongxin Weihao Phase III Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪三期半導體產業投資合夥企業 (有限合夥)) (**"Weihao Phase III"**) (5)	Beneficial owner	Unlisted Shares	31,424,017	6.51%	—	—	—
		H Shares	—	—	31,424,017	5.35%	5.35%
Inno-Chip Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司) (**"Inno-Chip"**) (5)	Interested in controlled corporations	Unlisted Shares	73,686,897	15.26%	—	—	—
		H Shares	—	—	73,686,897	12.54%	12.54%

Name of Shareholder	Nature of Interest [(1)]	Description of Shares	Shares interested in as of the Latest Practicable Date: Number	Shares interested in as of the Latest Practicable Date: % of shareholding in the total issued share capital of our Company	Shares interested in immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised): Number	% of shareholding in the Unlisted Shares / H Shares (as applicable) [(2)]	% of shareholding in the total issued share capital of our Company [(2)]
Mr. ZHOU Siyuan (周思遠) [(5)]	Interested in controlled corporations	Unlisted Shares	74,878,128	15.51%	—	—	—
		H Shares	—	—	74,878,128	12.74%	12.74%
Wuhu Kuangyun Artificial Intelligence Industry Investment Fund (Limited Partnership) (蕪湖曠沄人工智能產業投資基金（有限合夥）) (“**Wuhu Kuangyun**”) [(6)]	Beneficial owner	Unlisted Shares	31,081,389	6.44%	—	—	—
		H Shares	—	—	31,081,389	5.29%	5.29%
Ms. YU Jia (于佳) [(7)]	Interested in controlled corporations	Unlisted Shares	30,312,929	6.28%	—	—	—
		H Shares	—	—	30,312,929	5.16%	5.16%
Ms. XU Jing (徐靜) [(7)]	Interested in controlled corporations	Unlisted Shares	30,312,929	6.28%	—	—	—
		H Shares	—	—	30,312,929	5.16%	5.16%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the aggregate number of 587,760,481 H Shares in issue upon Listing comprising (i) an aggregate of 482,845,281 Unlisted Shares to be converted from the Unlisted Shares and (ii) 104,915,200 Shares to be issued pursuant to the Global Offering (without taking into account the H Shares which may be issued upon the exercise of the Over-allotment Option).

(3) Pursuant to an acting in concert agreement dated September 18, 2021 Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling confirmed to act in concert at the general meetings of our Company with Dr. QIU, and such acting in concert arrangement will continue following the Listing. For details, please see the section headed “History, Development and Corporate Structure — Acting in Concert”. Therefore, by virtue of the SFO, each of Jiaxing Zhixin, Jiaxing Aixin, Shanghai Bonasi and Shanghai Jinling are deemed to be interested in the Shares held by each other.

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

(5) As of the Latest Practicable Date, (i) Weihao Phase III, (ii) Tianjin Weihao TEDA Haihe Equity Investment Partnership (Limited Partnership) (天津韋豪泰達海河股權投資合夥企業（有限合夥）) (“Tianjin Weihao”), (iii) Ningbo Yongxin Weihao Phase IV Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪四期半導體產業投資合夥企業（有限合夥）) (“**Weihao Phase IV**”), (iv) Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership) (義烏韋豪創芯一期股權投資合夥企業（有限合夥）) (“**Yiwu Weihao**”), (v) Yiwu Weihao Packing Xuan Phase I Private Equity Investment Fund Partnership (Limited Partnership) (義烏韋豪鋆軒一期私募股權投資基金合夥企業（有限合夥）) (“**Weihao Yunxuan**”), and (vi) Shanghai Ganzhong Management Consulting Partnership (Limited Partnership) (上海淦眾管理諮詢合夥企業（有限合夥）) (“**Shanghai Ganzhong**”, together with Weihao Phase III, Tianjin Weihao, Weihao Phase IV, Yiwu Weihao,

Weihao Yunxuan and Shanghai Ganzhong, the "**Weihao entities**") directly held 31,424,017 Shares, 23,113,306 Shares, 9,083,133 Shares, 5,948,758 Shares, 4,117,683 Shares and 1,191,231 Shares, respectively.

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

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

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

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

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

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

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

Save as otherwise disclosed herein, our Directors are not aware of any persons who will, immediately following the Global Offering and the Conversion of our Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised), have any interests and/or short positions in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

BOARD OF DIRECTORS

Our Board consists of twelve Directors, comprising four executive Directors, four non-executive Directors and four independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Dr. QIU Xiaoxin	58	Founder, chairperson of the Board, and executive Director	Responsible for overall corporate strategy, technological innovation and fundraising of our Group	May 2019	April 2020
Mr. SUN Weifeng (孫微風)	58	Executive Director and chief executive officer	Responsible for overall strategic planning, business direction and management, the defining, planning, R&D control and legal affairs of our Group	April 2024	March 2025
Mr. SHI Xiaoye (施曉燁)	44	Executive Director and chief financial officer	Responsible for managing financial affairs, investment and financing as well as investor relations of our Group	February 2023	June 2023
Mr. WANG Yuan (王遠)	45	Executive Director and vice president	Responsible for overall management and overseeing the Company's SoCs design and development	December 2020	April 2021
Mr. ZHOU Siyuan (周思遠)	51	Non-executive Director	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.	March 2024	March 2024
Mr. GU Kaining (顧愷寧)	37	Non-executive Director	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.	November 2025	November 2025
Ms. BAI Ting (白婷)	37	Non-executive Director	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.	December 2024	December 2024
Mr. WANG Chen (王晨)	42	Non-executive Director	Responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.	November 2020	November 2020

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Ms. TAN Ren	61	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	Listing Date	Listing Date
Mr. LI Jun (李軍)	63	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	Listing Date	Listing Date
Dr. Wang Xin (王鑫)	48	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	Listing Date	Listing Date
Prof. CHEN Xin (陳欣)	50	Independent non-executive Director	Responsible for providing independent advice and judgment to our Board	Listing Date	Listing Date

Note:

(1) As of the Latest Practicable Date, Mr. ZHAO Changhua (趙昌華), Mr. LIU Jianwei (劉建偉) and Mr. ZHOU Zhifeng (周志峰) were our Directors. They have tendered their resignations from the directorships of the Company on June 23, 2025 which will take effect upon Listing. Their resignations can better align with the corporate governance requirements under the Listing Rules and optimize the Company's internal governance structure for the following reasons: (i) the Board had a total of 11 Directors immediately prior to submission of the Listing application. To comply with the Listing Rules, six additional independent non-executive Directors would have been required, which would result in an excessively large and inefficient 17-member Board; (ii) Mr. LIU Jianwei and Mr. ZHAO Changhua will resign from their directorships but remain in management roles, focusing on their respective responsibilities for AI technology R&D and software development. This delineation ensures a clearer separation of management and board oversight functions. Mr. ZHOU Zhifeng, an investor-appointed Director, voluntarily resigned to support the Company's board optimization efforts; and (iii) upon Listing, the Board will consist of 12 members, namely, four executive Directors, four non-executive Directors, and four independent non-executive Directors, providing a balanced structure for efficient corporate governance.

Executive Directors

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

Dr. QIU has accumulated over 20 years of experience in chip and the R&D of related technologies by her proactive participation in various positions in technical R&D and management in the semiconductor industry throughout her career path. From July 1997 to July 2001, Dr. QIU worked at AT&T Labs where she conducted scientific research in relation to 2G/3G wireless network performance optimization and protocol design. From January 2001 to July 2016, Dr. QIU held progressively senior positions at Broadcom Inc., a U.S. multinational semiconductor and infrastructure software company listed on the Nasdaq Stock Exchange (ticker symbol: AVGO), including: (i) a manager and senior manager at the systems engineering department, where she was responsible for algorithm development, hardware/software integration and customer support for all mobile communication chips; (ii) the senior director and vice president at the wireless communications department, where she led multinational teams in mobile communication chip development; and (iii) the vice president at the internet of things (IoT) department, where she was responsible for chip definition, architecture design, firmware/

software development and platform integration. From July 2016 to September 2018, Dr. QIU successively served as: (i) the head of the US technology center, (ii) the vice president of technology marketing, and (iii) the chief software technology officer at Wistron NeWeb Corporation (啓碁科技股份有限公司), a Taiwan-based multinational telecommunications equipment manufacturer listed on the Taiwan Stock Exchange (stock code: 6285), where she led the company's transformation from hardware original equipment manufacturer (OEM) to system original design manufacturer (ODM) provider by establishing its platform architecture while driving its 5G strategic projects and key account development in North America and Europe. From October 2018 to May 2019, Dr. QIU worked at Unisoc (Shanghai) Technologies Co., Ltd. (紫光展銳(上海)科技股份有限公司), a Chinese semiconductor designer, as chief technology officer.

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

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

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

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

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

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

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

Mr. WANG Yuan (王遠), aged 45, is an executive Director and the vice president of our Company. Mr. WANG joined our Group in December 2020 and has been serving as the vice president of since then. Mr. WANG was appointed as a Director in April 2021 and was redesignated as an executive Director on June 23, 2025. Mr. WANG is mainly responsible for overall management, overseeing the Company's SoCs design and development.

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

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

Non-executive Directors

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

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

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

Mr. GU Kaining (**顧愷寧**), aged 37, is a non-executive Director. Mr. GU was appointed as a non-executive Director on November 17, 2025. He is mainly responsible for overseeing Board affairs and giving strategic advice and guidance on the business operations of our Group.

Mr. GU brings deep understanding of financial markets and investment strategies to our Company. From April 2014 to May 2016, he served as a senior product planner at NetEase (Hangzhou) Network Co., Ltd. (網易（杭州）網絡有限公司). From May 2016 to February 2018, he served as an investment manager at Kunshan Shengshi Hongsheng Venture Investment Management Co., Ltd. (崑山盛世鴻升創業投資管理有限公司). Since February 2018, he has been working at Ningbo Zhenhai Industrial Investment Private Fund Management Co., Ltd. (寧波市鎮海產業投資私募基金管理有限公司) successively serving as a manager of investment management department, a vice general manager and a director. Currently, he has also been serving as a director at (i) Ningbo Zhenhai Industrial Investment and Development Co., Ltd. (寧波市鎮海產業投資發展有限公司) since July 2022, and (ii) Zhenhai Petrochemical Construction and Installation Engineering Co., Ltd. (鎮海石化建安工程股份有限公司) since June 2022.

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

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

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

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

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

Mr. WANG possesses extensive experience in private equity, investment management, and corporate strategy. From January 2007 to October 2011, he served as an analyst and then a senior manager at Dubai

Investment Co., Ltd. Shanghai Representative Office (迪拜投資股份有限公司上海代表處). From November 2011 to June 2013, Mr. WANG worked at Shanghai Fosun High Technology Group Co., Ltd (上海復星高科技（集團）有限公司) as a senior manager/deputy director. From December 2015 to November 2018, he held the positions of vice president and then executive director at Shanghai Cedarlake Investment Management Co., Ltd. (上海沄柏投資管理有限公司). Since December 2018, he has been serving as the executive director of Zhuhai Youbai Private Fund Management Co., Ltd. (珠海佑柏私募基金管理有限公司).

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

Independent Non-executive Directors

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

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

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

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

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

Mr. LI successively served as a faculty member, teaching assistant, and lecturer at the Department of Automation (自動化系) of Tsinghua University (清华大学) from September 1986 to January 1992, and subsequently served as a research fellow at the Institute of Information Technology (信息技術研究院) and then at the Department of Automation from April 2003 to October 2022. Mr. LI has served as a director at Beijing Yicheng Huachuang Technology Co., Ltd. (北京易程華創科技股份有限公司) since December 2013; a director at Beijing Wen An Intelligent Technology Co., Ltd. (北京文安智能技術股份有限公司) since February 2016;

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

- Guangzhou Anyka Microelectronics Co., Ltd. (廣州安凱微電子股份有限公司) (stock code: 688620.SH), since September 2020;
- Hillstone Networks Co., Ltd. (山石網科通信技術股份有限公司) (stock code: 688030.SH), from February 2019 to February 2025;
- Shenzhen KINGDOM SCI-TECH Co., Ltd. (深圳市金證科技股份有限公司) (stock code: 600446.SH), from September 2020 to October 2023;
- Shandong New Beiyang Information Technology Co., Ltd. (山東新北洋信息技術股份有限公司) (stock code: 002376.SZ), from May 2018 to May 2021; and
- NSFOCUS Technologies Group Co., Ltd. (綠盟科技集團股份有限公司) (formerly known as Beijing Shenzhou NSFOCUS Information Security Science and Technology Co., Ltd. (stock code: 300369.SZ), from December 2010 to June 2017.

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

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

Dr. WANG has profound expertise in accounting, corporate governance, and academic research. From June 2006 to July 2011, Dr. WANG served as an assistant professor of accounting at the Chinese University of Hong Kong. Since August 2011, Dr. WANG has successively served as: (i) an assistant professor in the school of business from August 2011 to December 2013, (ii) an associate professor in the school of business from January 2014 to September 2017, (iii) an associate professor in the faculty of business and economics from September 2017 to March 2019, (iv) a professor in the faculty of business and economics since April 2019, (v) an assistant dean of school of business and economics from August 2020 to June 2023, and (vi) the area head of accounting and law since August 2023 at the University of Hong Kong.

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

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

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

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

Period of service	Employer	Position
From January 2006 to December 2016	Antai College of Economics and Management, Shanghai Jiao Tong University (上海交通大學安泰經管學院)	Associate professor
From November 2015 to August 2017	Ruoyu Gauge Co., Ltd. (若宇檢具股份有限公司) (formerly known as Kunshan Ruoyu Gauge Industry Limited. (昆山若宇檢具工業有限公司))	Director
From October 2022 to September 2023	JAKA Robotics Co., Ltd. (節卡機器人股份有限公司) (formerly known as Shanghai JAKA Robotics Technology Limited. (上海節卡機器人科技有限公司))	Director
From January 2017 to January 2025	Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University (上海交通大學上海高級金融學院)	Associate professor and professor
From January 2022 to January 2025	Shanghai Sunsing Medical Cold Chain Technology Co., Ltd. (上海生生醫藥冷鏈科技股份公司) (formerly known as Shengsheng Supply Chain Management (Ningbo) Co., Ltd. (生生供應鏈管理（寧波）有限公司) and Shengsheng Supply Chain Management (Shanghai) Co., Ltd. (生生供應鏈管理（上海）有限公司))	Director
From December 2020 to April 2025	Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司) (formerly known as Yunnan Development and Investment Limited. (雲南省開發投資有限公司))	Director
From June 2020 to May 2021	Cube Technology Co., Ltd. (立方數科股份有限公司) (formerly known as Beijing Space Board Structure Engineering Limited. (北京太空板結構工程有限公司), Beijing Space Board Co., Ltd. (北京太空板業股份有限公司) and Space Intelligence Co., Ltd. (太空智造股份有限公司)) (a company listed on the Shenzhen Stock Exchange (stock code: 300344))	Independent director
From June 2020 to June 2023	Jiangxi Financial Leasing Co., Ltd. (江西金融租賃股份有限公司)	Director
From January 2021 to March 2024	SUPCON Technology Co., Ltd. (中控技術股份有限公司) (formerly known as Zhejiang Zheda Zhongkong Technology Co., Ltd. (浙江浙大中控技術股份有限公司), Zhejiang Zhongkong Technology Limited. (浙江中控技術有限公司) and Zhejiang Zhongkong Technology Co., Ltd. (浙江中控技術股份有限公司)) (a company listed on the Shanghai Stock Exchange (stock code: 688777))	Independent director
Since July 2021	Xiamen Bank Co., Ltd. (廈門銀行股份有限公司)	Independent director

Period of service	Employer	Position
Since December 2021	Da Ming International Holdings Limited (大明國際控股有限公司) (a company listed on the Stock Exchange (stock code: 01090)	Independent non-executive director
Since October 2022	Guangdong Qunxing Toys Co., Ltd. (廣東群興玩具股份有限公司) (formerly known as Chenghai Yunda Measuring Instrument Factory (澄海市運達計量器具廠), Chenghai Qunxing Electronic Plastic Toys Factory (澄海市群興電子塑膠玩具廠), Chenghai Qunxing Toys Limited. (澄海市群興玩具有限公司), and Guangdong Qunxing Toys Industrial Limited. (廣東群興玩具實業有限公司)) (a company listed on the Shenzhen Stock Exchange (stock code 002575)	Independent director
Since September 2023	Hengtai Securities Co., Ltd. (恒泰證券股份有限公司) (formerly known as Hengtai Securities Limited. (恒泰證券有限公司)) (a company listed on the Stock Exchange (stock code: 01476))	Independent non-executive director
Since October 2024	Shanghai Lingang Holdings Co., Ltd. (上海臨港控股股份有限公司) (formerly known as Shanghai Automation Instrument Co., Ltd. (上海自動化儀表股份有限公司)) (a company listed on the Shanghai Stock Exchange (stock code: 600848))	Independent director
Since February 2025	Dishui Lake Advanced Finance Institute, Shanghai University of Finance and Economics (上海財經大學滴水湖高級金融學院)	Practice professor

Prof. Chen also held various directorships in view of his above seasoned experiences, including Beijing Triolion Sciencetechnology Co., Ltd. (北京彩訊科技股份有限公司) (formerly known as Beijing Triolion Sciencetechnology Limited (北京彩訊科技有限公司), Nanchang Dahe Technology Limited. (南昌大河科技有限公司), Ideal Deposition Equipment and Applications (Shanghai) Co., Ltd. (理想晶延半導體設備(上海)股份有限公司), Chelun Internet Technology (Shanghai) Co., Ltd. (車輪互聯科技(上海)股份有限公司) (formerly known as Shanghai Yidian Shikong Network Limited. (上海易點時空網絡有限公司)), Yunnan Credit Enhancement Limited. (雲南省信用增進有限公司), Yunnan Asset Management Limited. (雲南省資產管理有限公司).

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

SUPERVISORY COMMITTEE

As of the Latest Practicable Date, our Supervisory Committee comprised three members. According to the PRC Company Law, a joint stock limited company may, in accordance with its articles of association, instead of having set up a supervisory committee, establish an audit committee which comprises directors of the board of directors and exercises the functions of the supervisory committee. Accordingly, immediately upon the Listing, the Supervisory Committee will be dissolved. Each of the Supervisors will resign as Supervisor with effect from the Listing Date. The following table sets forth the key information about our Supervisors as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a Supervisor
Ms. PENG Nan (彭楠)	50	Chairman of the Supervisory Committee and head of operational quality department	Responsible for supervising the performance of duties by Directors and senior management	July 2019	April 2020
Ms. ZHOU Ying (周穎)	32	Supervisor	Responsible for supervising the performance of duties by Directors and senior management	March 2024	March 2024
Ms. CHEN Xiaowen (陳曉文)	44	Supervisor	Responsible for supervising the performance of duties by Directors and senior management	June 2020	March 2024

Ms. PENG Nan (彭楠), aged 50, has been serving as a Supervisor since April 2020 and was appointed as the chairman of our Supervisory Committee in March 2024. She is currently the head of operational quality department of our Company. She is mainly responsible for supervising our Board and senior managements.

Ms. PENG has over 25 years of experience in the electronics and semiconductor industries. From August 2000 to June 2007, she served as an engineer in the Base Station Department of Shenzhen Huawei Technology Co., Ltd. Shanghai Research Institute (深圳市華為技術有限公司上海研究所). From June 2007 to June 2019, she served as a director of chip quality management in the quality and operations management department of Unisoc (Shanghai) Technologies Co., Ltd. (紫光展銳(上海)科技股份有限公司).

Ms. PENG obtained a bachelor's degree in electronics and information systems from Wuhan University (武漢大學) in the PRC in July 1997.

Ms. ZHOU Ying (周穎), aged 32, has been appointed as a Supervisor since March 2024. She is mainly responsible for supervising our Board and senior managements.

Ms. ZHOU has extensive experience in auditing, research, and investment management. From October 2015 to June 2016, she served as an auditor at Pan-China Certified Public Accountants LLP (天健會計師事務所 (特殊普通合夥)). From December 2019 to May 2021, she served as a researcher at Shanghai Youbai Information Technology Co., Ltd. (上海酉佰網絡信息科技有限公司) (currently known as Shanghai Youbai Information Consulting Co., Ltd. (上海酉佰網絡信息諮詢有限公司)). From June 2021 to present, she served as an investment assistant at Shanghai Inno-chip Investment Management Co., Ltd. (上海韋豪創芯投資管理有限公司). Ms. ZHOU has been serving as a supervisor at XinR Technologies (Zhejiang) Co., Ltd (芯卓科技 (浙江) 有限公司) since October 2023 and a supervisor at Dragon Probe Electronics (Suzhou) Co., Ltd (鉑龍樂電子 (蘇州) 有限公司) since December 2023.

Ms. ZHOU obtained a master's degree in accounting from Monash University in Australia in December 2018.

Ms. CHEN Xiaowen (陳曉文), aged 44, has been appointed as a Supervisor since March 2024. She is mainly responsible for supervising our Board and senior managements.

Ms. CHEN has nearly 20 years of experience in supply chain management. Prior to joining our Group, she served as a procurement manager in the operations branch procurement department of Spreadtrum Communications (Shanghai) Co., Ltd. (展訊通信 (上海) 有限公司) from January 2011 to June 2020.

Ms. CHEN obtained a bachelor's degree in ideological and political education from East China Normal University (華東師範大學) in the PRC in July 2003.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Positions	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management
Mr. SUN Weifeng (孫微風)	58	Executive Director and chief executive officer	Responsible for overall strategic planning, business direction and management, the defining, planning, R&D control and legal affairs of our Group	April 2024	April 2024
Mr. SHI Xiaoye (施曉燁)	44	Executive Director and chief financial officer	Responsible for managing financial affairs, investment and financing as well as investor relations of our Group	February 2023	February 2023
Mr. WANG Yuan (王遠)	45	Executive Director and vice president	Responsible for overall management and overseeing the Company's SoCs design and development	December 2020	December 2020
Mr. LIU Jianwei (劉建偉)	44	General manager	Responsible for the management of AI technology-related R&D and strategic planning of the chip product line architecture of our Group	May 2019	April 2020

Mr. SUN Weifeng (孫微風), aged 58, is an executive Director and the chief executive officer of our Company. For his biography, see "—Board of Directors—Executive Directors" in this section.

Mr. SHI Xiaoye (施曉燁), aged 44, is an executive Director and the chief financial officer of our Company. For his biography, see "—Board of Directors—Executive Directors" in this section.

Mr. WANG Yuan (王遠), aged 45, is an executive Director and the vice president of our Company. For his biography, see "— Board of Directors — Executive Directors" in this section.

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

Mr. LIU has approximately 19 years of experience in the semiconductor and telecommunications industries. Mr. LIU started his career as a chip design engineer of Actions Microelectronics Co., Ltd. (北京炬力北方微電子股份有限公司) from February 2006 to September 2010. From October 2010 to August 2013, Mr. LIU served as a senior chip design engineer of Beijing Nufront Chip Co., Ltd. (北京普及芯科技有限公司) (currently known as Nufront (Beijing) Technology Group Co., Ltd. (新岸線 (北京) 科技集團有限公司)). Mr. LIU then served as a senior hardware engineer of Availink (China) Inc. (北京中天聯科科技有限公司) from September 2013 to September 2014. From October 2014 to October 2016, he served as the chief technology officer of Beijing NetBRIC Technology Co., Ltd. (北京麓柏科技有限公司). From November 2016 to November 2019, Mr. LIU served as a deputy chip manager of Beijing Tasson Technology Ltd. (北京國科天迅科技股份有限公司). He then joined Megvii (Beijing) Technology Co., Ltd. (北京邁格威科技有限公司) (formerly known as Beijing Xiaokong Technology Co., Ltd. (北京小孔科技有限公司)) in May 2018 and served as a senior technology manager until May 2021.

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

OTHER INFORMATION IN RELATION TO OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed in this section and the section headed "Statutory and General Information" in Appendix IV to this prospectus, each of our Directors has confirmed that:

(i) they have obtained legal advice referred to under Rule 3.09D of the Listing Rules on June 16, 2025 (save for Mr. GU Kaining who has obtained legal advice referred to under Rule 3.09D of the Listing Rules on November 19, 2025), and understood their obligations as a director or supervisor of a listed issuer;

(ii) they do not have any existing or proposed service contract with our Company or any of its subsidiaries other than contracts expiring or determinable by the relevant member of our Company within one year without payment of compensation (other than statutory compensation); and

(iii) they do not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed in this section and the section headed "Statutory and General Information" in Appendix IV to this prospectus, to the best of the knowledge, information and belief of our Directors, Supervisors and senior management after having made all reasonable enquiries:

(i) they have not been a director of any other publicly listed company during the three years prior to and as of the Latest Practicable Date;

(ii) other than being a Director, Supervisor or senior management of our Company (as the case maybe), they do not have any relationship with any other Directors, Supervisors, senior management of our Company or substantial shareholders of our Company;

(iii) they have not completed their education programs as disclosed in this section by way of attendance of long distance learning or online courses;

(iv) there is no other matter with respect to the appointment of our Directors, Supervisors and senior management that needs to be brought to the attention to the Shareholders as of the Latest Practicable Date; and

(v) there is no other information relating to our Directors, Supervisors and senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as of the Latest Practicable Date.

Each of our independent non-executive Directors has confirmed that:

(i) their independence after taking into consideration each of the factors referred to under Rules 3.13(1) to 3.13(8) of the Listing Rules;

(ii) they do not have any past or present financial or other interest in the business of our Company or our subsidiaries, or any connection with any core connected person of our Company; and

(iii) there are no other factors which may affect their independence at the time of their appointment as our independent non-executive Director.

JOINT COMPANY SECRETARIES

Mr. SHI Xiaoye (施曉燁) was appointed as one of the joint company secretaries of our Company with effect from Listing. For details of his biography, see "—Board of Directors—Executive Directors" above.

Ms. CHU Cheuk Ting (朱卓婷) was appointed as one of our joint company secretaries on June 23, 2025. Ms. CHU currently serves a manager of the listing services department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 12 years of experience in the corporate service field. Ms. CHU is an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. CHU holds a bachelor of arts degree from The Hong Kong Polytechnic University and a master of science in professional accounting and corporate governance from the City University of Hong Kong.

BOARD COMMITTEES

Our Company has established three committees under the Board in accordance with the relevant laws and regulations in Chinese mainland, the Articles and the code of corporate governance practices under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee.

Audit Committee

We have established an Audit Committee 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 (i) assisting our Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, (ii) overseeing the audit process, and (iii) performing other duties and responsibilities as assigned by our Board. The Audit Committee comprises one non-executive Director, namely, Mr. ZHOU Siyuan and two independent non-executive Directors, namely, Ms. TAN Ren and Dr. WANG Xin. Ms. TAN Ren is the chairperson of the Audit Committee. Dr. WANG Xin and Ms. TAN Ren hold the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee 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 Appraisal Committee are to (i) making recommendations to our Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) conducting performance evaluations of Directors and senior management according to the performance evaluation criteria and procedures； and (iii) reviewing and approving remuneration proposals in accordance with the corporate policies and objectives resolved by our Board. The Remuneration and Appraisal Committee comprises one executive Director, namely, Mr. SUN Weifeng, and two independent non-executive Directors, namely, Mr. LI Jun and Prof. CHEN Xin. Mr. LI Jun is the chairperson of the Remuneration and Appraisal Committee.

Nomination Committee

We have established a Nomination Committee in compliance with the Code on Corporate Governance set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to (i) reviewing the structure, size and composition of our Board, (ii) assessing the independence of independent non-executive Directors and (iii) making recommendations to our Board on matters relating to the appointment of Directors and senior management. The Nomination Committee comprises one executive Director, namely, Dr. QIU, and two independent non-executive Directors, namely, Mr. LI Jun and Prof. CHEN Xin. Dr. QIU is the chairperson of the Nomination Committee.

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures as to achieve effective accountability. We have adopted the code provisions stated in the Corporate Governance Code. We are committed to the view that the Board should include a balanced composition of executive Directors, non-executive Directors, and independent non-executive Directors so that there is a strong independent element on the Board that can effectively exercise independent judgment.

To accomplish the high standards of corporate governance, we will comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the associated Listing Rules after the Listing.

BOARD DIVERSITY POLICY

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

Our Board has a balanced mix of knowledge, skills and experience. They completed studies in various majors including but without limitation to engineering, electronics, finance, economics and accounting. We have four independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 37 to 62 years old. Taking into account our business model and specific needs as well as the presence of three female Directors out of a total of twelve Board members, we consider that the composition of our Board satisfies our board diversity policy.

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

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

COMPLIANCE ADVISOR

We have appointed BOCOM International (Asia) Limited as our Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. Our Compliance Advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, our Compliance Advisor will advise our Company in certain circumstances including:

(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 proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Advisor 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 Advisor 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 our Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

MANAGEMENT PRESENCE

According to Rules 8.12 and 19A.15 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Since the principal business operations of our Group are conducted in Chinese Mainland, members of our senior management are, and are expected to continue to be, based in Chinese mainland. Further, as our executive Directors have a vital role in our Group's operations, it is crucial for them to remain in close proximity to our Group's central management located in Chinese mainland. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rules 8.12 and 19A.15 of the Listing Rules. For further details, see "Waivers and Exemption—Management Presence in Hong Kong."

REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors, Supervisors and senior management members who receive remuneration from the Company are paid in forms of fees, salaries, allowances and benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments. When reviewing and determining the specific remuneration packages for our Directors, Supervisors and members of the senior management of our Company, the Shareholders' meetings and the Board of Directors take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the total amount of remuneration (including fees, wages, salaries, bonuses and retirement scheme contributions) and other benefits in kind (if applicable) paid to our Directors were RMB19.7 million, RMB24.2 million, RMB26.6 million, and RMB58.8 million, respectively.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the total amount of remuneration (including fees, wages, salaries, bonuses and retirement scheme contributions) and other benefits in kind (if applicable) paid to our Supervisors were RMB2.2 million, RMB1.9 million, RMB2.4 million, and RMB2.2 million, respectively.

According to existing effective arrangements, we estimate the total remuneration before taxation to be accrued to our Directors and Supervisors in kind for their service for the year ended December 31, 2025 to be approximately RMB43.1 million. The actual remuneration of our Directors and Supervisors in 2025 may be different from the expected remuneration.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the total emoluments paid to the five highest paid individuals (excluding Directors) by us amounted to RMB5.4 million, RMB5.7 million, and RMB20.2 million, and RMB5.6 million, respectively. None of the five highest paid individuals for the respective year was a Supervisor.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

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

Except as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals of our Group during the Track Record Period. For details on Directors' and Supervisors' as well as information on the five highest paid individuals' remuneration during the Track Record Period, see notes 8 and 9 to the Accountant's Report.

COMPETITION

Each of our Directors confirms that as of the Latest Practicable Date, they did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

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

SHARE INCENTIVE SCHEME

Please see "Appendix IV—Statutory and General Information—D. Restricted Share Incentive Scheme" for details.

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I to this prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyzes made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual performance may differ materially from those anticipated in these forward-looking statements, as a result of various risks and uncertainties over which we do not have full control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a provider of in AI inference SoCs, delivering high-performance perception and computing platforms for edge and endpoint AI applications. Leveraging our proprietary technology platform, we have developed high-performance, power-efficient, and cost-competitive AI inference SoCs and associated technologies for edge and on-device computing. Our core technical capabilities include Axera Neutron (愛芯通元) NPU (a specialized processing architecture that delivers improved AI inference efficiency through advanced mixed-precision computing), Axera Proton (愛芯智眸) AI-ISP (the world's first commercially scaled AI-enabled image signal processor), and supporting toolchains such as the Pulsar2 toolchain and our software development kit ("**SDK**"), enabling AI inference across diverse scenarios.

Since our inception, we have focused on translating our advanced technologies into market-proven products and achieving broad commercial adoption across multiple application scenarios. As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception. According to CIC, we have become the fifth largest provider of visual on-device AI inference chips globally, in terms of the shipment volume in 2024, and the second-largest domestic provider of smart driving SoCs in China, in terms of the number of smart vehicles sold in 2024 with such SoCs installed. In the realm of edge AI inference, we were the third largest provider in China in terms of the shipment volume in 2024, according to the same source.

For the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB50.2 million, RMB230.1 million, RMB472.9 million, RMB254.2 million and RMB269.0 million, respectively, with our gross profit being RMB13.0 million, RMB59.2 million, RMB99.4 million, RMB53.5 million and RMB57.0 million in each respective year/period. Our gross profit margin was 25.9%, 25.7%, 21.0% 21.1% and 21.2% for the years ended December 31, 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). All applicable new and revised IFRS Accounting Standards have been adopted for the Track Record Period, except for any new standards or interpretations that are not yet effective. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Periods are set out in note 38 to the Accountants' Report as set out in Appendix I to this prospectus.

Further details of the material accounting policy information are set out in note 2 to the Accountants' Report as set out in Appendix I to this prospectus. The historical financial information also complies with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies set out in the Accountants' Report have been applied consistently throughout the years presented.

ACQUISITION OF HUATU

In 2023, our Group entered into a number of separate share purchase agreements with certain of the then shareholders of Zhejiang Huatu Weixin Technology Co., Ltd. (浙江華圖微芯技術有限公司) ("**Zhejiang Huatu**", together with its subsidiaries, "**Huatu**") to acquire the equity interests in Zhejiang Huatu (the "**Zhejiang Huatu Acquisition**"). Upon the completion of these transactions, Zhejiang Huatu has become a subsidiary of our Group since October 31, 2023. Huatu is primarily engaged in the design, development and sales of semiconductor products to address the vast and thriving demand in mass-market on-device applications, particularly vision SoCs and mixed-signal ICs.

According to Rule 4.05A of the Listing Rules, the Zhejiang Huatu Acquisition would have been classified at the date of application for our listing, as a major transaction under Chapter 14 of the Listing Rules. For details, see "History, Development and Corporate Structure—Major Acquisitions, Disposals and Mergers" in this prospectus and note 31 and note 35 to the Accountants' Report as set out in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

Product Competitiveness and Technology Leadership

Our operating performance is closely tied to our ability to deliver advanced AI inference SoCs and platform technologies. The competitive landscape in edge and on-device AI computing is defined by rapid cycles of innovation. Our proprietary Axera Neutron NPU, with advanced mixed-precision compute capabilities, and Axera Proton AI-ISP, the world's first commercially scaled AI-enabled image signal processor, underpin our differentiated product offering. The success of our technology platform is measured by our ability to support efficient deployment of quantized large models, native compatibility with mainstream AI models (including those based on Transformer and CNN architectures), as well as robust performance in real-world, resource-constrained environments.

Continued investment in platform-based research and development—including the refinement and reuse of IP cores, and the development of supporting toolchains such as Pulsar2 and SDK—is essential to sustaining our competitive edge. We have made significant investments in our R&D activities during the Track Record Period as we believe that our R&D capabilities will be the main driving force for our long-term competitiveness and business prospects. Our research and development expenses increased from RMB445.6 million in 2022 to RMB515.2 million in 2023 and further to RMB589.0 million in 2024. Our research and development expenses decreased from RMB450.0 million in the nine months ended September 30, 2024 to RMB413.9 million in the nine months ended September 30, 2025. Ability to anticipate and respond to major shifts in AI model architectures, or to timely upgrade our technology stack, could materially impact our market position and financial results.

Industry Trends and Market Demand for AI Inference

Our business is fundamentally shaped by the ongoing expansion toward edge and on-device AI inference. The industry, previously focused on the training-centric paradigm, is now extending to cover inference—the process of applying trained and fine-tuned large AI models to generate predictions or decisions in real time, where tangible real-world value is delivered. The proliferation of large AI models has created significant opportunities for deploying AI on resource-constrained edge and endpoint devices, especially solving concerns of the traditional cloud-based inference approach—including latency and privacy. The pace of AI adoption across smart vehicles, intelligent vision, industrial automation, and consumer edge applications directly drives our addressable market. In particular, the utilization of AI inference in the development of smart vehicles has seen significant advancement in recent years, presenting promising growth opportunities.

According to CIC, the global market size for edge and on-device AI inference chips reached RMB379.2 billion in 2024 and is expected to expand to RMB1,612.3 billion by 2030, with a CAGR of 27.3% during the period. Specific application scenarios, such as visual on-device, smart driving, and edge inference, are projected to reach global market sizes of RMB7.5 billion, RMB114.6 billion and RMB726.2 billion by 2030, further emphasizing the tremendous growth potential in this sector. Our ability to capture growth in these diverse segments depends on industry-wide investment in deploying large models at the edge, as well as the ongoing advancement of quantization and model compression technologies that make on-device or edge inference feasible. Macroeconomic conditions, government policy, and the evolution of the global semiconductor supply chain also have a material impact on the demand for our products.

Commercial Scale and Customer Base

As a fabless AI chip company, our financial performance is highly sensitive to our ability to achieve and sustain large-scale commercial deployment across multiple verticals. Since our inception, we have focused on translating our advanced technologies into market-proven products and achieving broad commercial adoption across multiple application scenarios. As of September 30, 2025, we had cumulatively delivered over 165 million SoC units since our inception and taking into account of our acquisition of Huatu in October 2023. The breadth and quality of our customer base—including global Tier 1 suppliers, leading OEMs in automotive, and major players in edge and on-device AI computing—are critical to scaling our business, enhancing our brand reputation, and generating recurring revenue.

Our ability to attract new customers and expand relationships with existing customers affects our business scale and results of operations. We invest significant resources and efforts from our initial contact with customers to the point when they choose our SoCs to incorporate into their solutions or smart vehicle models. Our ability to sustain and expand these efforts would be critical to grow and diversify our customer base. In addition, our financial performance is also influenced by the concentration of major customers, the pace of design wins and project ramp-ups, among others. Maintaining close partnerships with key industry players, and continuously expanding our customer base and ecosystem network, are essential for mitigating business volatility and driving sustainable growth.

Cost Structure, Operational Efficiency, and Supply Chain Resilience

Our profitability is determined by our ability to manage costs across the entire value chain—from research and development to manufacturing and sales. Outsourcing chip fabrication and assembly to renowned partners enables us to focus resources on product design and innovation, but also exposes us to risks related to wafer pricing, foundry capacity, and global supply chain disruptions. In addition, we will continue to adopt a diversified supply chain to control costs. Efficient supply chain management, strategic procurement of third-party IP and software tools, and robust quality control are all critical to ensuring timely delivery to customers and maintaining our gross profit margin.

At the same time, we have established a differentiated platform-based operational model, compromising (1) our proprietary technology platform encompassing NPU, AI-ISP, and associated IP cores; (2) our mature product development methodology enabling rapid customization across market segments; and (3) an optimized cost structure that leverages design reuse and manufacturing scale. Our platform-based operational model enables us to optimize resource allocation, accelerate product cycles, and control operating expenses. Achieving scale in production, while retaining the flexibility to respond to rapidly evolving market and technology trends, is a key driver of both short- and long-term financial performance. Our total operating expenses, including research and development expenses, general and administrative expenses and sales and marketing expenses, have decreased significantly as a percentage of revenue during the Track Record Period, from 1,047.5% in 2022 to 234.4% in the nine months ended September 30, 2025, primarily due to the benefits of economies of scale as our revenue growth has outpaced the increase in total operating expenses.

MATERIAL ACCOUNTING POLICIES AND CRITICAL JUDGMENTS AND ESTIMATES

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

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

Set out below are a summary of the material accounting policies, judgments and estimates which we believe are most important for understanding our results of operations and financial condition. See note 2 and note 3 to the Accountants' Report as set out in Appendix I to this prospectus for a detailed description of our material accounting policies, judgments and estimates.

Revenue and Other Income

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

Revenue from Contracts with Customers

We principally generate our revenue from the sales of products and provision of related technical services.

Sale of Products

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

Technical Services

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

Revenue from Other Sources and Other Income

Interest Income

Interest income is recognized using the effective interest method.

Government Grants

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

Business Combination

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

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

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

Subsidiaries and Non-controlling Interests

Subsidiaries are entities controlled by us. We control an entity when we are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to affect those returns through our power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

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

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

Changes in our interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

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

In our statements of financial position at the company level, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l) of the Accountants' Report included in Appendix I to this prospectus), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Other Investments in Securities

Our policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date we commit to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognized directly in profit or loss. For an explanation of how we determine fair value of financial instruments, see note 32(e) of the Accountants' Report included in Appendix I to this prospectus. These investments are subsequently accounted for as follows, depending on their classification.

Non-equity Investments

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

- Amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income from the investment is calculated using the effective interest method (see note 2(w)(ii)(a) of the Accountants' Report included in Appendix I to this prospectus).

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

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

Equity Investments

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

Financial Instruments Issued to Investors

Convertible Bonds

Convertible bonds are measured initially at fair value less transaction costs. Subsequent, the convertible bonds are stated at amortized cost using the effective interest method since the conversion right is exercisable at the fair value of the equity price always has a fair value of zero. Interest expense is recognized in accordance with note 2(y) of the Accountants' Report included in Appendix I to this prospectus.

Derivative Financial Instruments

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

Redemption Liabilities Rights

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

Critical Judgments and Estimates

Net Realizable Value of Inventories

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

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

Impairment of Trade and Other Receivables

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

Impairment of Non-current Assets Other than Financial Assets

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

Useful Life of Intangible Assets

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

DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth selected items of our consolidated statements of profit or loss and other comprehensive income for the years/periods indicated, derived from our consolidated statements of profit or loss as set out in the Accountants' Report included in Appendix I to this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
Revenue	**50,230**	**100.0**	**230,127**	**100.0**	**472,892**	**100.0**	**254,216**	**100.0**	**269,034**	**100.0**
Cost of sales	(37,236)	(74.1)	(170,883)	(74.3)	(373,489)	(79.0)	(200,693)	(78.9)	(212,070)	(78.8)
Gross profit	**12,994**	**25.9**	**59,244**	**25.7**	**99,403**	**21.0**	**53,523**	**21.1**	**56,964**	**21.2**
Other income	7,951	15.8	8,216	3.6	47,103	10.0	37,416	14.7	17,149	6.4
Other net gains/(losses)	23,663	47.1	11,316	4.9	(1,090)	(0.2)	(1,005)	(0.4)	2,301	0.9
Research and development expenses	(445,599)	(887.1)	(515,188)	(223.9)	(588,952)	(124.5)	(449,962)	(177.0)	(413,854)	(153.8)
General and administrative expenses	(51,318)	(102.2)	(114,484)	(49.7)	(136,224)	(28.8)	(100,621)	(39.6)	(160,362)	(59.6)
Sales and marketing expenses	(29,253)	(58.2)	(42,000)	(18.3)	(65,496)	(13.9)	(47,648)	(18.7)	(56,274)	(20.9)
(Expected credit losses)/ reversal of expected credit losses on financial assets	—	—	(1,327)	(0.6)	(11,032)	(2.3)	(5,502)	(2.2)	5,083	1.9
Loss from operations	**(481,562)**	**(958.7)**	**(594,223)**	**(258.2)**	**(656,288)**	**(138.8)**	**(513,799)**	**(202.1)**	**(548,993)**	**(204.1)**
Changes in the carrying amount of redemption liabilities	(131,384)	(261.6)	(157,746)	(68.5)	(224,995)	(47.6)	(164,047)	(64.5)	(294,973)	(109.6)
Other finance costs	(1,708)	(3.4)	(5,321)	(2.3)	(26,132)	(5.5)	(15,279)	(6.0)	(13,651)	(5.1)
Finance costs	(133,092)	(265.0)	(163,067)	(70.9)	(251,127)	(53.1)	(179,326)	(70.5)	(308,624)	(114.7)
Finance income	3,080	6.1	4,715	2.0	3,218	0.7	2,101	0.8	1,917	0.7
Net financial costs	(130,012)	(258.8)	(158,352)	(68.8)	(247,909)	(52.4)	(177,225)	(69.7)	(306,707)	(114.0)
Share of profits less losses of an associate	—	—	(4,661)	(2.0)	—	—	—	—	—	—
Gain on deemed disposal of an associate	—	—	14,165	6.2	—	—	—	—	—	—
Loss before taxation	**(611,574)**	**(1,217.5)**	**(743,071)**	**(322.9)**	**(904,197)**	**(191.2)**	**(691,024)**	**(271.8)**	**(855,700)**	**(318.1)**
Income tax	—	—	—	—	—	—	—	—	—	—
Loss for the year/period	**(611,574)**	**(1,217.5)**	**(743,071)**	**(322.9)**	**(904,197)**	**(191.2)**	**(691,024)**	**(271.8)**	**(855,700)**	**(318.1)**
Loss attributable to:										
Equity shareholders of the Company	(611,574)	(1,217.5)	(752,788)	(327.1)	(860,915)	(182.1)	(658,812)	(259.2)	(829,780)	(308.4)
Non-controlling interests	—	—	9,717	4.2	(43,282)	(9.2)	(32,212)	(12.7)	(25,920)	(9.6)

Non-IFRS Measures

We define adjusted loss for the year/period (non-IFRS measure) as loss for the year/period adjusted by adding back (i) changes in the carrying amount of redemption liabilities, representing the carrying amounts changes of the redemption rights granted by us, which is non-cash in nature and will be reclassified to equity after the termination of the investors' redemption rights upon Listing, (ii) equity settled share-based payment, which was non-cash in nature and represented the employee benefit expenses incurred in connection with our award to management and key employees, and (iii) listing expenses . Such expenses in any specific year/period are not expected to result in future cash payments.

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

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

	For the year ended December 31,						**For the nine months ended September 30,**			
	2022		**2023**		**2024**		**2024**		**2025**	
	RMB'000	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*	*RMB'000*	*% of revenue*
							(Unaudited)			
Reconciliation of loss for the year/period to adjusted loss for the year/period (non-IFRS measure)										
Loss for the year/period	(611,574)	(1,217.5)	(743,071)	(322.9)	(904,197)	(191.2)	(691,024)	(271.8)	(855,700)	(318.1)
Add:										
Changes in the carrying amount of redemption liabilities	131,384	261.6	157,746	68.5	224,995	47.6	164,047	64.5	294,973	109.6
Equity settled share-based payment	36,104	71.9	42,871	18.6	51,479	10.9	37,512	14.8	77,280	28.7
Listing expenses	—	—	—	—	—	—	—	—	21,280	7.9
Adjusted loss for the year/period (non-IFRS measure)	**(444,086)**	**(884.1)**	**(542,454)**	**(235.7)**	**(627,723)**	**(132.7)**	**(489,465)**	**(192.5)**	**(462,167)**	**(171.8)**

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, we generated substantially all of our revenue from the PRC. Our revenue was primarily derived from the sales of on-device computing products, with a growing contribution from smart vehicle SoCs and edge AI inference products. The following table sets forth our revenue breakdown by product and service type for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)									
							(Unaudited)			
On-device computing products	44,702	89.0%	208,454	90.6%	447,036	94.5%	244,387	96.1%	234,535	87.2%
Edge AI inference products	—	—	5,158	2.2%	18,582	3.9%	4,563	1.8%	15,983	5.9%
Smart vehicle products	28	0.1%	7,801	3.4%	6,707	1.4%	4,911	1.9%	17,259	6.4%
Others[(1)]	5,500	10.9%	8,714	3.8%	567	0.1%	355	0.1%	1,257	0.5%
Total	**50,230**	**100.0%**	**230,127**	**100.0%**	**472,892**	**100.0%**	**254,216**	**100.0%**	**269,034**	**100.0%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

Our revenue increased from RMB50.2 million in 2022 to RMB230.1 million in 2023, and further to RMB472.9 million in 2024. Furthermore, our revenue increased from RMB254.2 million in the nine months ended September 30, 2024 to RMB269.0 million in the nine months ended September 30, 2025. The increase was primarily attributable to the successful acquisition of Huatu, as well as the continued expansion in on-device computing business and rapid ramp-up of our sales of smart vehicle SoCs and edge AI inference products.

During the Track Record Period, we provided algorithm licensing and charged one-off licensing fee, which mainly represented upfront payments from customers for the grant of non-exclusive, non-transferable licenses to use our proprietary algorithms related to our discontinued mobile phone semiconductor business. In our early history, we successfully commercialized certain pre-ISP chip technology for mobile phones. However, following a strategic review, we decided to discontinue this sector to concentrate resources on our core focus areas of edge and AI inference products. We also provided technical services according to our customer's customization requirements and charged a service fee. Our revenue from other services fluctuated during the Track Record Period primarily because these services were dependent on customer demand on an as-needed basis.

Cost of Sales

Our cost of sales primarily comprises (i) raw materials, mainly representing the cost of wafers, integrated circuits, circuit boards and other materials; (ii) outsourced processing fees, mainly representing foundry, assembly, packaging and testing services; (iii) royalty fees, mainly representing the license of software and algorithms used in our operations; (iv) inventory provision/(reversal), mainly representing write-downs or reversal of write-downs of inventories to net realizable value; and (v) others, mainly including miscellaneous direct expenses associated with the manufacturing and delivery of our products. As a fabless semiconductor company, we do not incur significant in-house manufacturing labor costs.

The following table sets forth the breakdown of our cost of sales by nature in absolute amounts and as a percentage of total cost of sales for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)									
							(Unaudited)			
Raw materials	29,579	79.4%	140,702	82.3%	296,469	79.4%	153,148	76.3%	160,619	75.7%
Outsourced processing fees	5,321	14.3%	24,804	14.5%	66,611	17.8%	34,354	17.1%	40,212	19.0%
Royalty fees	1,790	4.8%	6,226	3.6%	6,074	1.6%	7,849	3.9%	9,506	4.5%
Inventory provision/(reversal)	544	1.5%	(1,278)	(0.8)%	4,335	1.2%	5,343	2.7%	1,733	0.8%
Others	—	—	430	0.3%	—	—	—	—	—	—
Total	**37,236**	**100.0%**	**170,883**	**100.0%**	**373,489**	**100.0%**	**200,693**	**100.0%**	**212,070**	**100.0%**

Our raw material costs increased from RMB29.6 million in 2022 to RMB140.7 million in 2023, and further increased to RMB296.5 million in 2024. Our raw material costs increased from RMB153.1 million in the nine months ended September 30, 2024 to RMB160.6 million in the nine months ended September 30, 2025. The increases during the Track Record Period were mainly due to increased procurement of raw materials as our production volumes expanded in line with customer needs. Outsourced processing fees, which primarily include foundry, packaging and testing costs, also increased along with our growing production scale. The amount of inventory provision/(reversal) fluctuated during the Track Record Period, mainly due to changes in the net realizable value of inventories as a result of shifts in market demand and product sales status. Specifically, as our products are used in different application scenarios, demand for certain models or specifications varied during the Track Record Period. When customer demand for particular products declined or product upgrades were introduced, the affected inventories became slow-moving or obsolete and additional provision was recorded. Conversely, when downstream demand improved or when those inventories were subsequently sold or utilized, the previously recognized provision was reversed. We assess inventory provision or reversal at each period end based on inventory aging, sales trends and estimated net realizable value.

The following table sets forth the breakdown of our cost of sales by product and service type in absolute amounts and as a percentage of total cost of sales for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)									
							(Unaudited)			
On-device computing products	37,231	100.0%	162,569	95.1%	359,353	96.2%	196,106	97.7%	194,291	91.6%
Edge AI inference products	—	—	2,486	1.5%	10,715	2.9%	2,262	1.1%	9,058	4.3%
Smart vehicle products	5	0.0%	5,393	3.2%	3,161	0.9%	2,180	1.1%	8,721	4.1%
Others[(1)]	—	—	435	0.3%	260	0.1%	145	0.1%	—	—
Total	**37,236**	**100.0%**	**170,883**	**100.0%**	**373,489**	**100.0%**	**200,693**	**100.0%**	**212,070**	**100.0%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

During the Track Record Period, our cost of sales for on-device computing products represented the largest proportion of our total cost of sales, in line with the revenue contribution from this business segment. Costs associated with smart vehicle products and edge AI inference products increased notably during the Track Record Period as we ramped up mass production and shipments to meet growing market demand.

Gross Profit and Gross Profit Margin

Gross profit is equal to our revenue less cost of sales. Gross profit margin is calculated as gross profit divided by revenue for the relevant year/period. The following table sets forth our gross profit and gross profit margin by product and service type for the years/periods indicated:

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000, except for percentages)									
							(Unaudited)			
On-device computing products	7,471	16.7%	45,885	22.0%	87,683	19.6%	48,280	19.8%	40,244	17.2%
Edge AI inference products	—	—	2,672	51.8%	7,867	42.3%	2,301	50.4%	6,925	43.3%
Smart vehicle products	23	82.1%	2,408	30.9%	3,546	52.9%	2,732	55.6%	8,538	49.5%
Others[(1)]	5,500	100.0%	8,279	95.0%	307	54.1%	210	59.1%	1,257	100.0%
Total gross profit/overall gross profit margin	**12,994**	**25.9%**	**59,244**	**25.7%**	**99,403**	**21.0%**	**53,523**	**21.1%**	**56,964**	**21.2%**

Note:

(1) Others primarily included technical services we provided to our customers in relation to software, algorithm licensing, and technical support according to their customization requirements.

Our gross profit increased from RMB13.0 million in 2022 to RMB59.2 million in 2023, and further to RMB99.4 million in 2024, and increased from RMB53.5 million in the nine months ended September 30, 2024 to RMB57.0 million in the nine months ended September 30, 2025. The increases were primarily attributable to the substantial increase in revenue during the years. Moreover, during the nine months ended September 30, 2025, sales of our edge AI inference and smart vehicle products continued to grow, reflecting the culmination of years of development and further boosting our gross profit.

Our overall gross profit margin was 25.9%, 25.7%, 21.0%, 21.1% and 21.2% in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. The overall gross profit margin decreased from 2022 to 2024 mainly due to the change in product mix, especially the increased proportion of on-device computing products, which generally have a lower gross profit margin compared to other products. Nevertheless, as we have continued upgrading our on-device computing products and gradually launched certain mid- to high-end models, coupled with the growing market acceptance of these products, the selling price and gross profit margin of our on-device computing products generally increased from 2022 to 2024. The gross profit margin of our on-device computing products increased from 16.7% in 2022 to 19.6% in 2024. However, it decreased from 19.8% in the nine months ended September 30, 2024 to 17.2% in the nine months ended September 30, 2025 due to strategic pricing adjustments on certain on-device products to optimize inventory levels and accelerate market penetration. As we prepared to launch next-generation products, these pricing measures served dual purposes: (i) to retain customers during the gap between product generations and prevent their migration to competitors, and (ii) to optimize inventory levels of current-generation products to make way for the new launches. Without such measures, we would have faced both the risk of customer attrition and potential inventory write-offs, which could have had a greater financial impact than the temporary margin compression recorded. Our edge AI inference products achieved higher gross profit margins in 2023, primarily because we entered the market during the early growth phase of AI technology adoption, when demand was strong in this emerging market.

Our inaugural product in the smart vehicle domain, the M55H SoC, achieved vehicle integration and entered mass production in March 2023. We adopt a prudent and methodical approach to development, as exemplified by our smart vehicle product strategy. From the outset, our strategy has been to prioritize segments with the largest addressable market and the most mature, commercially viable technology pathways. Specifically, as our first step, our initial focus was strategically focusing on the high-growth L2 and L2+ ADAS markets, which align with current mainstream technological capabilities and represent the highest-volume opportunity in the smart vehicle sector. In 2022, our sales of smart vehicle products were in a pre-commercial phase, with revenue primarily from small-scale engineering samples sold at non-representative prices, and therefore the gross profit margin was not representative or meaningful. The delivery and sale of smart vehicle chips prior to official mass production launch is a standard commercial practice in the industry. During the development cycle of new vehicle models, which typically spans several years, automotive OEMs and Tier 1 suppliers need to continuously procure chips for software development, functional validation and vehicle testing purposes. These deliveries during the engineering sample, pre-production and trial production phases are based on formal purchase orders and settled at commercial prices, as the chips provide genuine commercial and functional value for customer development and validation activities. All products delivered during these phases meet automotive-grade quality standards and functional safety requirements equivalent to mass production products, with quality standards, liability allocation and other terms clearly specified in supply agreements. In the event of quality defects, we bear responsibility for product replacement and technical support in accordance with contractual terms. The gross profit margin of our smart vehicle products decreased in 2023, mainly because we adopted a favorable pricing strategy with a key customer to accelerate market adoption and validate our technology at scale at the early stage of ramping up sales of smart vehicle products. From 2024 onwards, following successful mass production validation and growing market acceptance of our smart vehicle products, we began transitioning to standard commercial pricing. As a result, the gross profit margin has started to normalize and is expected to return to a more representative and sustainable level. To date, we have developed a robust foundation of technology and resources, positioning us to penetrate more advanced automotive markets.

Our M97 series is scheduled for launch in the near future, a move strategically timed to capitalize on the growing industry trend towards the large-scale commercialization of advanced automotive solutions.

During the Track Record Period, we recorded relatively higher gross profit margin for other services, primarily because we primarily provided licensing and leveraged on our historical research and development efforts to provide technical services.

Other Income

During the Track Record Period, our other income primarily consisted of (i) government grants, mainly representing various governmental support for our research and development activities and industrial development, some of which are non-recurring in nature; and (ii) others, mainly comprising individual income tax return and miscellaneous income. The following table sets forth a breakdown of our other income for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB'000)			*(Unaudited)*	
Government grants	7,365	6,817	42,354	32,128	13,553
Others	586	1,399	4,749	5,288	3,596
Total	**7,951**	**8,216**	**47,103**	**37,416**	**17,149**

Other Net Gains/(Losses)

During the Track Record Period, our other net gains/(losses) primarily consisted of (i) net realized and unrealized gains on financial assets measured at fair value through profit or loss ("**FVPL**"), which represented our wealth management products; (ii) net gains/(losses) on disposal of property, plant and equipment and right-of-use assets; and (iii) net foreign exchange gains/(losses). The following table sets forth a breakdown of our other net gains/(losses) for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
	(RMB'000)			*(Unaudited)*	
Net realized and unrealized gains on financial assets measured at FVPL	23,562	7,282	421	421	2,138
Net gains/(losses) on disposal of property, plant and equipment and right-of-use assets	—	101	(125)	(100)	(64)
Net foreign exchange gains/(losses)[1]	101	3,933	(1,386)	(1,326)	227
Total	**23,663**	**11,316**	**(1,090)**	**(1,005)**	**2,301**

Note:

(1) Foreign currency transactions are translated into the functional currency using the exchange rate sat the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in consolidated income statements on a net basis within "other net gains/(losses)."

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) employee compensation expenses, representing wages, benefits and equity settled share-based payment for our research and development personnel; (ii) depreciation and amortization, primarily including depreciation of property, plant and equipment, as well as amortization of intangible assets and right-of-use assets; (iii) professional service fees; (iv) material consumption; and (v) others, mainly including testing fees, travel expenses, and leasing expenses. The following table sets forth a breakdown of our research and development expenses by nature in absolute amounts and as percentages of the total research and development expenses for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)									
							(Unaudited)			
Employee compensation expenses	308,601	69.3%	375,291	72.8%	421,793	71.6%	323,994	72.0%	295,272	71.3%
Depreciation and amortization	61,183	13.7%	79,063	15.3%	127,831	21.7%	101,437	22.5%	76,499	18.5%
Professional service fees[(1)]	51,199	11.5%	22,765	4.4%	18,148	3.1%	12,561	2.8%	7,681	1.9%
Material consumption	20,992	4.7%	29,886	5.8%	13,038	2.2%	6,345	1.4%	30,016	7.3%
Others	3,624	0.8%	8,184	1.6%	8,144	1.4%	5,625	1.3%	4,386	1.1%
Total	**445,599**	**100.0%**	**515,188**	**100.0%**	**588,952**	**100.0%**	**449,962**	**100.0%**	**413,854**	**100.0%**

Note:

(1) Professional service fees primarily represent fees paid to external professional institutions for services such as testing, analysis, and technology development and related support. The amount was higher in 2022 mainly due to external technical support obtained at an early stage of our R&D activities, which subsequently decreased during the Track Record Period as our in-house R&D team expanded and our technical capability improved.

Our research and development expenses amounted to RMB445.6 million, RMB515.2 million, RMB589.0 million, RMB450.0 million and RMB413.9 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 887.1%, 223.9%, 124.5%, 177.0% and 153.8% of our revenue for the same years/periods, respectively.

General and Administrative Expenses

During the Track Record Period, our general and administrative expenses primarily consisted of (i) employee compensation expenses, representing wages, benefits and equity settled share-based payment for our administrative personnel; (ii) consulting service fees; (iii) office and travel expenses; (iv) depreciation and amortization; (v) leasing expenses; and (vi) others, mainly including taxes and surcharges. The following table sets forth a breakdown of our general and administrative expenses by nature in absolute amounts and as percentages of the total general and administrative expenses for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)						*(Unaudited)*			
Employee compensation expenses	36,675	71.5%	86,726	75.8%	103,841	76.2%	74,730	74.3%	115,268	71.9%
Listing expense	—	—	—	—	—	—	—	—	21,280	13.3%
Consulting service fees(1)	3,864	7.5%	6,501	5.7%	11,879	8.7%	9,506	9.4%	7,098	4.4%
Office and travel expenses	3,500	6.8%	5,741	5.0%	7,629	5.6%	5,376	5.3%	5,470	3.4%
Depreciation and amortization	2,003	3.9%	5,289	4.6%	6,200	4.6%	5,685	5.6%	4,805	3.0%
Leasing expenses	1,983	3.9%	972	0.8%	878	0.6%	453	0.5%	555	0.3%
Others	3,293	6.4%	9,255	8.1%	5,797	4.3%	4,871	4.8%	5,886	3.7%
Total	**51,318**	**100.0%**	**114,484**	**100.0%**	**136,224**	**100.0%**	**100,621**	**100.0%**	**160,362**	**100.0%**

Note:

(1) Consulting service fees primarily represent fees paid to external consultants and service providers for services such as business management consulting and other corporate governance-related services. The amount increased from 2022 to 2024 mainly due to our enhanced needs for management, financing and compliance advisory services as our business operations expanded and our internal management processes became more sophisticated.

Our general and administrative expenses amounted to RMB51.3 million, RMB114.5 million, RMB136.2 million, RMB100.6 million and RMB160.4 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 102.2%, 49.7%, 28.8%, 39.6% and 59.6% of our revenue for the same years/periods, respectively.

Sales and Marketing Expenses

During the Track Record Period, our sales and marketing expenses primarily consisted of (i) employee compensation expenses, representing wages, benefits and equity settled share-based payment for our sales and marketing personnel; (ii) depreciation and amortization, primarily including amortization of trademarks; (iii) marketing and promotion expenses; (iv) office and travel expenses; (v) consulting service fees; and

(vi) others, mainly including leasing expenses. The following table sets forth a breakdown of our sales and marketing expenses by nature in absolute amounts and as percentages of the total sales and marketing expenses for the years/periods indicated.

	For the year ended December 31,						For the nine months ended September 30,			
	2022		2023		2024		2024		2025	
	(RMB'000, except for percentages)						*(Unaudited)*			
Employee compensation expenses	24,832	84.9%	28,513	67.9%	39,389	60.1%	29,154	61.2%	36,190	64.3%
Depreciation and amortization	424	1.4%	2,720	6.5%	14,395	22.0%	10,712	22.5%	10,802	19.2%
Marketing and promotion expenses	1,717	5.9%	5,400	12.9%	5,804	8.9%	3,742	7.9%	4,789	8.5%
Office and travel expenses	1,737	5.9%	2,093	5.0%	2,531	3.9%	1,764	3.7%	1,435	2.6%
Consulting service fees[1]	123	0.4%	1,922	4.6%	1,263	1.9%	934	2.0%	518	0.9%
Others	419	1.4%	1,352	3.2%	2,115	3.2%	1,342	2.8%	2,540	4.5%
Total	**29,253**	**100.0%**	**42,000**	**100.0%**	**65,496**	**100.0%**	**47,648**	**100.0%**	**56,274**	**100.0%**

Note:

(1) Consulting service fees mainly represent fees paid to third-party service providers for services such as market research, marketing strategy development, and customer development advisory.

Our sales and marketing expenses amounted to RMB29.3 million, RMB42.0 million, RMB65.5 million, RMB47.6 million and RMB56.3 million for 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively, accounting for 58.2%, 18.3%, 13.9%, 18.7% and 20.9% of our revenue for the same years/periods, respectively.

(Expected Credit Losses)/ Reversal of Expected Credit Losses on Financial Assets

During the Track Record Period, we made provisions for, or reversal of, expected credit losses on trade receivables. The amount of expected credit losses recognized in each year/period is mainly affected by the aging and collectability of trade receivables, our customer structure, and changes in our credit risk assessment. During the Track Record Period, our expected credit losses increased from nil in 2022 to RMB1.3 million in 2023, and further increased to RMB11.0 million in 2024, which was mainly attributable to the increase in the balance of trade receivables as our business expanded. For the nine months ended September 30, 2024, our expected credit losses amounted to RMB5.5 million, while for the nine months ended September 30, 2025, we recorded a reversal of expected credit losses of RMB5.1 million, primarily due to our improved collection performance and the reduction in trade receivables balance as of September 30, 2025, which resulted in a reassessment of credit risk and corresponding reversal of previously recognized provisions. We regularly assess the recoverability of our trade receivables and have implemented stringent credit risk management policies and procedures.

Net Finance Costs

During the Track Record Period, our finance income primarily consisted of interest income, and our finance costs primarily consisted of changes in the carrying amount of redemption liabilities, interest expense on bank loans and interest expense on convertible bonds.

The following table sets forth a breakdown of our net finance costs by nature for the years/periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2022	2023	2024	2024	2025
			(RMB'000)	*(Unaudited)*	
Interest income	(3,080)	(4,715)	(3,218)	(2,101)	(1,917)
Changes in the carrying amount of redemption liabilities	131,384	157,746	224,995	164,047	294,973
Interest expense on bank loans	561	4,114	17,072	10,652	13,246
Interest expense on payables for purchase of software	804	843	453	180	131
Interest expense on convertible bonds	—	—	8,077	4,044	—
Interest on lease liabilities	343	364	530	403	274
Total	**130,012**	**158,352**	**247,909**	**177,225**	**306,707**

Changes in the carrying amount of redemption liabilities relate to our liabilities to redeem shares with preferred rights issued to our Pre-IPO Investors. At initial recognition, such financial liabilities are measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequently, they are measured at amortized cost. Any changes in the carrying amount of the financial liabilities are recognized in profit or loss. The shares with preferred rights will be reclassified from liabilities to equity upon Listing. For details, see "History, Development and Corporate Structure — Pre-IPO Investments — Special Rights of the Pre-IPO Investors" and note 29 to the Accountants' Report as set out in Appendix I to this prospectus.

Share of Profits Less Losses of An Associate

We recorded share of profit less losses of an associate of nil, RMB4.7 million, nil, nil and nil in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Such recognition was primarily in relation to our investment in Huatu before the acquisition in October 2023. On May 31, 2023, our Company entered into the share purchase agreements with certain of the then shareholders of Zhejiang Huatu to acquire 21.50% equity interests in Zhejiang Huatu, among which, 15.99% equity interests were acquired by us at the end of June 2023. After this acquisition of 15.99% equity interests in Zhejiang Huatu, Zhejiang Huatu became an associate of our Group which had since been accounted for using the equity method in our historical financial information. For details, see "History, Development and Corporate Structure — Major Acquisitions, Disposals and Mergers" and note 31 to the Accountants' Report as set out in Appendix I to this prospectus.

Gain on Deemed Disposal of An Associate

We recorded gain on deemed disposal of an associate of nil, RMB14.2 million, nil, nil and nil in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Such recognition was primarily in relation to our remeasurement of the 15.99% equity interests in Zhejiang Huatu previously held as an associate at fair value. We completed the acquisition of additional equity interests in Zhejiang Hautu on October 31, 2023. Since then our Company has obtained 50.14% of voting rights at the shareholders' meetings of Zhejiang Huatu, and has obtained control over Zhejiang Huatu from this date. For details, see note 31 to the Accountants' Report as set out in Appendix I to this prospectus.

Loss for the Year/Period

As a result of the foregoing, we had loss for the year/period of RMB611.6 million, RMB743.1 million, RMB904.2 million, RMB691.0 million and RMB855.7 million in 2022, 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

YEAR/PERIOD TO YEAR/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 5.8% from RMB254.2 million for the nine months ended September 30, 2024 to RMB269.0 million for the nine months ended September 30, 2025, primarily attributable to the significant increase in edge AI inference products and smart vehicle products sales.

On-device Computing Products

Our revenue from on-device computing products decreased by 4.0% from RMB244.4 million for the nine months ended September 30, 2024 to RMB234.5 million for the nine months ended September 30, 2025, primarily attributable to lower shipment volume as we terminated certain products which are not our key products based on market demands and our updates of product offerings.

Edge AI Inference Products

Our revenue generated from edge AI inference products increased by 250.3% from RMB4.6 million for the nine months ended September 30, 2024 to RMB16.0 million for the nine months ended September 30, 2025, largely driven by the rapidly expanding market. For example, the breakthrough success of large models, such as DeepSeek, in early 2025 acted as a significant market catalyst, which accelerated adoption of industry-scale large models for deployment on edge and on-device products. Our 8850 series products are uniquely positioned to capture this demand, as they are among the few on the market that natively support the essential Transformer architecture. This key feature enables customers to efficiently deploy advanced AI in applications such as smart camera systems. The significant growth rate is also attributable to a low revenue base in the prior period, reflecting the nascent stage of the edge AI market.

Smart Vehicle Products

Our revenue from smart vehicle products increased by 251.4% from RMB4.9 million for the nine months ended September 30, 2024 to RMB17.3 million for the nine months ended September 30, 2025, primarily attributable to the continued expansion in customer coverage and larger production after several design wins. In particular, the shipments of our smart vehicle products increased from 62.4 thousands for the nine months ended September 30, 2024 to 272.7 thousands for the nine months ended September 30, 2025, primarily attributable to the materialization of our previous design wins. Specifically, vehicle models from our end-customers, for which we had secured design wins in prior periods, commenced their mass production phase in the first half of 2025, leading to a substantial ramp-up in our shipment volume.

Others

Our revenue from other services increased by 255.1% from RMB0.4 million for the nine months ended September 30, 2024 to RMB1.3 million for the nine months ended September 30, 2025, primarily because these services were dependent on customer demand on an as-needed basis.

Cost of Sales

Our cost of sales increased by 5.7% from RMB200.7 million for the nine months ended September 30, 2024 to RMB212.1 million for the nine months ended September 30, 2025, primarily attributable to higher sales volumes of our edge AI inference products and smart vehicle products as mentioned above, which resulted in increased procurement of raw materials and outsourced processing services.

Gross Profit and Gross Profit Margin

Our gross profit increased by 6.4% from RMB53.5 million for the nine months ended September 30, 2024 to RMB57.0 million for the nine months ended September 30, 2025, primarily as a result of the stable growth in revenue as mentioned above.

Our gross profit margin remained stable at 21.1% for the nine months ended September 30, 2024 and 21.2% for the nine months ended September 30, 2025. The stability was primarily due to the increased gross profit contribution from our higher-margin business lines, such as edge AI inference and smart vehicle products, following the ramp-up of sales and expansion of more advanced offerings. This positive impact was offset by a decrease in the gross profit and gross profit margin of our on-device computing products, which was caused by our pricing strategy and inventory clearance initiatives. For details, see "—Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income—Gross Profit and Gross Profit Margin." However, our ongoing efforts to optimize production processes and strengthen supply chain management have maintained and further enhanced cost efficiency.

Other Income

Our other income decreased from RMB37.4 million for the nine months ended September 30, 2024 to RMB17.1 million for the nine months ended September 30, 2025, primarily due to a decrease of RMB18.6 million in government grants.

Other Net Gains/(Losses)

We recorded other net losses of RMB1.0 million for the nine months ended September 30, 2024 and other net gains of RMB2.3 million for the nine months ended September 30, 2025. Such changes were primarily due to an increase of RMB1.7 million in net realized and unrealized gains on financial assets measured at FVPL, as well as a shift from net foreign exchange losses of RMB1.3 million in the nine months ended September 30, 2024 to net foreign exchange gains of RMB0.2 million in the nine months ended September 30, 2025 as a result of the fluctuation of foreign exchange rate.

Research and Development Expenses

Our research and development expenses decreased by 8.0% from RMB450.0 million for the nine months ended September 30, 2024 to RMB413.9 million for the nine months ended September 30, 2025, primarily due to (i) a decrease of RMB28.7 million in employee compensation expenses, which mainly reflected our efforts to optimize the unified R&D team and improve operational efficiency; and (ii) a decrease of RMB24.9 million in depreciation and amortization, mainly due to the completion of the depreciation and amortization period for certain fixed assets and intangible assets; partially offset by an increase of RMB23.7 million in material consumption to support our ongoing R&D projects.

General and Administrative Expenses

Our general and administrative expenses increased by 59.4% from RMB100.6 million for the nine months ended September 30, 2024 to RMB160.4 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB40.5 million in employee compensation expenses, which mainly reflected the equity settled share-based payment for our employees as well as an increase in headcount of our general and administrative personnel, and (ii) listing expenses of RMB21.3 million recorded during the period.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 18.1% from RMB47.6 million for the nine months ended September 30, 2024 to RMB56.3 million for the nine months ended September 30, 2025, primarily due to an increase of RMB7.0 million in employee compensation expenses, mainly reflecting the equity settled share-based payment for our employees as well as an increase in headcount of our sales and marketing personnel.

(Expected Credit Losses)/ Reversal of Expected Credit Losses on Financial Assets

For the nine months ended September 30, 2024, our expected credit losses amounted to RMB5.5 million, while for the nine months ended September 30, 2025, we recorded a reversal of expected credit losses of RMB5.1 million, primarily due to a decrease in trade receivable balances.

Net Finance Costs

Our net finance costs increased from RMB177.3 million for the nine months ended September 30, 2024 to RMB306.7 million for the nine months ended September 30, 2025, primarily due to an increase of RMB130.9 million in changes in carrying amount of redemption liabilities, primarily due to an increase in the redemption amount of shares with preferred rights held by our Pre-IPO Investors associated with our Series C Financing.

Loss for the Period

As a result of the foregoing, our loss for the period was RMB691.0 million for the nine months ended September 30, 2024 and RMB855.7 million for the nine months ended September 30, 2025, respectively.

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 105.5% from RMB230.1 million in 2023 to RMB472.9 million in 2024, primarily attributable to the accelerating business expansion across our major product categories, as a result of rising market demand, expanded customer coverage, and the successful ramp-up of new offerings. The growth was also supported by the full-year revenue contribution from Huatu, which we acquired in October 2023.

On-device Computing Products

Our revenue from on-device computing products increased by 114.5% from RMB208.5 million in 2023 to RMB447.0 million in 2024, mainly because we benefited from growing demand for our next-generation products, as well as increased customer engagement in a wider range of application scenarios. In addition, the increase was also as a result of the first full year of revenue contribution from Huatu, which strengthened our presence in visual perception SoCs.

Edge AI Inference Products

Our revenue from edge AI inference products increased by 260.3% from RMB5.2 million in 2023 to RMB18.6 million in 2024, largely driven by new customer acquisitions and higher shipment volumes as customers accelerated the deployment of edge AI inference across diverse scenarios, reflecting and driven by the rapidly expanding market.

Smart Vehicle Products

Our revenue from smart vehicle products decreased by 14.0% from RMB7.8 million in 2023 to RMB6.7 million in 2024. This decline was mainly a result of variations in the timing of customer orders and their decisions to incorporate our smart vehicle SoCs into their solutions or smart vehicle models, following a period of rapid growth in 2023 that was driven by increased shipments and new product launches. The year-on-year fluctuation reflects the impact of project-based revenue recognition in this segment.

Others

Our revenue from other services decreased from RMB8.7 million in 2023 to RMB0.6 million 2024, primarily because these services were dependent on customer demand on an as-needed basis.

Cost of Sales

Our cost of sales increased by 118.6% from RMB170.9 million in 2023 to RMB373.5 million in 2024, primarily due to the increase in procurement costs for raw materials and components, as well as increased manufacturing expenses associated with (i) higher sales volumes resulting from our overall business expansion and the full-year consolidation of finance performance of Huatu; and (ii) the launch of new products. Despite these increases, we continued to implement measures to optimize supply chain management and enhance production efficiency, which partially offset the impact of rising costs.

Gross Profit and Gross Profit Margin

Our gross profit increased by 67.8% from RMB59.2 million in 2023 to RMB99.4 million in 2024, primarily as a result of the substantial growth in revenue across our product lines.

Our gross profit margin decreased from 25.7% in 2023 to 21.0% in 2024, mainly reflecting changes in product mix and cost structure. The higher contribution for gross profit of our on-device computing products, which generally carry a lower gross profit margin, impacted overall profitability. Additionally, our gross profit margin was affected by the increased raw material costs and intensified market competition. However, our ongoing efforts to optimize production processes and strengthen supply chain management have maintained and further enhanced cost efficiency.

Other Income

Our other income increased from RMB8.2 million in 2023 to RMB47.1 million in 2024, primarily as a result of additional government grants received in 2024 in relation to our research and development activities.

Other Net Gains/(Losses)

We recorded other net gains of RMB11.3 million in 2023 and other net losses of RMB1.1 million in 2024. Such changes were primarily due to a decrease of RMB6.9 million in net realized and unrealized gains on financial assets measured at FVPL, as well as a shift from net foreign exchange gains of RMB3.9 million in 2023 to net foreign exchange losses of RMB1.4 million in 2024 as a result of the fluctuation of foreign exchange rate.

Research and Development Expenses

Our research and development expenses increased by 14.3% from RMB515.2 million in 2023 to RMB589.0 million in 2024, primarily due to (i) an increase of RMB48.8 million in depreciation and amortization, mainly due to continued investments in IP licensing and software to support our technology development, resulting in higher amortization charges; and (ii) an increase of RMB46.5 million in employee compensation expenses, which mainly reflected the full-year contribution of employee compensation expenses of Huatu in 2024, despite our efforts to optimize the unified R&D team and improve operational efficiency after the acquisition of Huatu; partially offset by (i) a decrease of RMB16.8 million in material consumption as a result of our increased operational efficiency, leading to lower material costs compared to the previous year; and (ii) a decrease of RMB4.6 million in professional service fees as our internal research and development management systems and team capabilities improved, which reduced our need for external technology development and related support.

General and Administrative Expenses

Our general and administrative expenses increased by 19.0% from RMB114.5 million in 2023 to RMB136.2 million in 2024, primarily due to (i) an increase of RMB17.1 million in employee compensation expenses, which mainly reflected the full-year contribution of employee compensation expenses of Huatu in 2024, despite our efforts to optimize the unified administrative team and improve operational efficiency after the acquisition of Huatu; and (ii) an increase of RMB5.4 million in consulting service fees, primarily attributable to higher expenditures on external professional services to support our growing business operations. In particular, we recorded increased legal services fees, as well as increased HR consulting fees in relation to the restructuring.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 55.9% from RMB42.0 million in 2023 to RMB65.5 million in 2024, primarily due to (i) an increase of RMB11.7 million in depreciation and amortization primarily in relation to amortization of trademarks after our acquisition of Huatu; and (ii) an increase of RMB10.9 million in employee compensation expenses driven by ongoing business expansion and higher headcount in our sales and marketing functions.

Expected Credit Losses on Financial Assets

Our expected credit losses on financial assets increased from RMB1.3 million in 2023 to RMB11.0 million in 2024, primarily due to an increase in trade receivable balances. We continue to regularly assess credit risk and update provisions based on the financial condition of customers and observed credit events, ensuring timely recognition of potential losses.

Net Finance Costs

Our net finance costs increased from RMB158.4 million in 2023 to RMB247.9 million in 2024, primarily due to (i) an increase of RMB67.2 million in changes in carrying amount of redemption liabilities, primarily due to an increase in the redemption amount of shares with preferred rights held by our Pre-IPO Investors associated with our share swap activities and Series C Financing in 2024, and (ii) an increase of RMB13.0 million in interest expense, as a result of higher bank borrowings to support ongoing business expansion and daily operations.

Share of Profits Less Losses of An Associate

We recorded share of profits less losses of an associate of RMB4.7 million in 2023 and did not record any share of profit less losses of an associate in 2024, primarily because Zhejiang Huatu became our subsidiary, other than an associate, since October 2023.

Gain on Deemed Disposal of An Associate

We recorded gain on deemed disposal of an associate of RMB14.2 million in 2023 and we did not record any gain on deemed disposal of an associate in 2024, primarily because Zhejiang Huatu became our subsidiary, other than an associate, since October 2023.

Loss for the Year

As a result of the foregoing, our loss for the year was RMB743.1 million in 2023 and RMB904.2 million in 2024, respectively.

Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

Revenue

Our revenue increased by 358.1% from RMB50.2 million in 2022 to RMB230.1 million in 2023, primarily due to strong sales momentum across our principal product lines, supported by deeper market penetration, a broadened customer base, and the successful introduction of new products. In addition, the growth was boosted by the initial revenue contribution from Huatu, which we acquired in October 2023.

On-device Computing Products

Our revenue from on-device computing products increased by 366.3% from RMB44.7 million in 2022 to RMB208.5 million in 2023, primarily driven by strong sales of our products and increased shipment volumes, as well as broader market adoption across diverse application scenarios. In addition, the increase was also partly attributable to the initial revenue contribution from Huatu for November and December 2023, which further strengthened our position in visual perception SoCs.

Edge AI Inference Products

Our revenue from edge AI inference products was RMB5.2 million in 2023, compared to nil in 2022. This growth was attributable to the successful launch and commercialization of our first edge AI inference SoC product, as we secured initial purchase orders from customers and broader application across various scenarios and increased recognition of our products.

Smart Vehicle Products

Our revenue from smart vehicle products increased from RMB28 thousand in 2022 to RMB7.8 million in 2023. This growth reflected a significant expansion in both customer coverage and product applications within the automotive market, as well as the initial ramp-up of newly launched chips. Our M55H SoC achieved vehicle integration and entered mass production in March 2023, which has been rapidly adopted by leading Tier 1 suppliers and automotive OEMs since its launch.

Others

Our revenue from other services increased from RMB5.5 million in 2022 to RMB8.7 million in 2023, primarily because these services were dependent on customer demand on an as-needed basis.

Cost of Sales

Our cost of sales increased by 358.9% from RMB37.2 million in 2022 to RMB170.9 million in 2023, primarily due to the surge in production to meet higher demand across all major product lines, along with the impact of consolidating Huatu’s financial performance for November and December 2023. The increase also reflected greater spending on raw materials and outsourced manufacturing as new products were introduced.

Gross Profit and Gross Profit Margin

Our gross profit increased by 355.9% from RMB13.0 million in 2022 to RMB59.2 million in 2023, primarily as a result of the substantial growth in revenue across our product lines.

Our gross profit margin remained relatively stable at 25.9% in 2022 and 25.7% in 2023, mainly reflecting changes in product mix and cost structure. The higher contribution for gross profit of our on-device computing products, which generally carry a lower gross profit margin, impacted overall profitability. In additional, the gradual ramp-up of our other products and services with relatively higher gross profit margins in 2023 positively contributed to the mix and supported our overall gross profit margin.

Other Income

Our other income remained relatively stable at RMB8.0 million in 2022 and RMB8.2 million in 2023.

Other Net Gains

Our other net gains decreased by 52.2% from RMB23.7 million in 2022 to RMB11.3 million in 2023, primarily due to a decrease of RMB16.3 million in net realized and unrealized gains on financial assets measured at FVPL, partially offset by an increase of RMB3.8 million in net foreign exchange gains.

Research and Development Expenses

Our research and development expenses increased by 15.6% from RMB445.6 million in 2022 to RMB515.2 million in 2023, primarily due to (i) an increase of RMB66.7 million in employee compensation expenses, mainly due to the expansion of our research and development workforce as our business scaled; and (ii) an increase of RMB17.9 million in depreciation and amortization, reflecting additional investments in IP licensing and software to support our expanding research and development activities; and (iii) an increase of RMB8.9 million in material consumption, mainly due to higher demand for raw materials and photomasks associated with our intensified product development efforts, partially offset by a decrease of RMB28.4 million in professional service fees as our internal research and development management systems and team capabilities improved.

General and Administrative Expenses

Our general and administrative expenses increased by 123.1% from RMB51.3 million in 2022 to RMB114.5 million in 2023, primarily due to an increase of RMB50.1 million in employee compensation expenses, which was mainly attributable to the increased number of administrative personnel from 31 as of December 31, 2022 to 65 as of December 31, 2023.

Sales and Marketing Expenses

Our sales and marketing expenses increased by 43.6% from RMB29.3 million in 2022 to RMB42.0 million in 2023, primarily due to an increase of RMB3.7 million in employee compensation expenses as a result of our expanded sales and marketing teams from 16 as of December 31, 2022 to 37 as of December 31, 2023, as well as an increase of RMB3.7 million in marketing and promotion expenses to support our brand awareness, market penetration, and scaled commercialization efforts.

Expected Credit Losses on Financial Assets

Our expected credit losses on financial assets increased from nil in 2022 to RMB1.3 million in 2023, mainly driven by an increase in trade receivable balances. We evaluate credit impairment on an ongoing basis, considering factors such as overdue payments and the financial health of debtors.

Net Finance Costs

Our net finance costs increased from RMB130.0 million in 2022 to RMB158.4 million in 2023, primarily attributable to (i) an increase of RMB26.4 million in changes in carrying amount of redemption liabilities, primarily due to an increase in the redemption amount of shares with preferred rights held by our Pre-IPO Investors associated with the Series B Financing in 2023; and (ii) an increase of RMB3.6 million in interest expense, as we obtained additional bank borrowings to fund business growth and the acquisition of Huatu, partially offset by an increase of RMB1.6 million in interest income, which resulted from our higher average balances of bank deposits in 2023.

Share of Profits Less Losses of An Associate

We recorded share of profits less losses of an associate of RMB4.7 million in 2023 and did not record any share of profit less losses of an associate in 2022, primarily because the acquisition of the 15.99% equity interests in Zhejiang Huatu were occurred in 2023.

Gain on Deemed Disposal of An Associate

We recorded gain on deemed disposal of an associate of RMB14.2 million in 2023 and did not record any gain on deemed disposal of an associate in 2022, primarily because the acquisition of the 15.99% equity interests in Zhejiang Huatu were occurred in 2023.

Loss for the Year

As a result of the foregoing, our loss for the year was RMB611.6 million in 2022 and RMB743.1 million in 2023, respectively.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated balance sheets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Non-current assets				
Property, plant and equipment	22,901	25,497	17,747	57,062
Right-of-use assets	9,488	12,144	12,922	7,300
Intangible assets	99,647	566,726	471,780	605,761
Goodwill	—	908,170	908,170	908,170
Financial assets at FVOCI	9,859	14,942	14,942	14,942
Prepayments and other receivables	11,072	176,818	172,376	65,213
Time deposits	51,074	32,086	—	—
	204,041	1,736,383	1,597,937	1,658,448
Current assets				
Financial assets at FVPL	631,927	100,064	—	376,730
Inventories	79,919	135,322	211,875	362,389
Trade receivables	26,449	179,252	222,047	59,485
Prepayments and other receivables	62,032	45,328	99,712	231,394
Time deposits	—	20,079	33,138	—
Restricted cash	1,343	—	—	—
Cash and cash equivalents	68,841	316,738	843,250	340,433
	870,511	796,783	1,410,022	1,370,431
Current liabilities				
Trade and bill payables	25,744	53,359	92,581	213,337
Other payables and accruals	101,671	793,732	386,213	99,395

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Bank loans	30,000	146,428	280,157	320,467
Contract liabilities	214	8,909	2,392	3,596
Lease liabilities	7,117	7,403	9,238	3,866
Financial instruments issued to investors	1,981,118	2,852,385	4,444,742	6,525,913
	2,145,864	3,862,216	5,215,323	7,166,574
Net current liabilities	**1,275,353**	**3,065,433**	**3,805,301**	**5,796,143**
Total assets less current liabilities	**(1,071,312)**	**(1,329,050)**	**(2,207,364)**	**(4,137,695)**
Non-current liabilities				
Borrowings	—	191,600	165,000	377,600
Lease liabilities	2,818	4,580	3,368	2,142
Other payables and accruals	5,537	5,666	—	—
Financial instruments issued to investors	—	162	162	162
	8,355	202,008	168,530	379,904
Net liabilities	**1,079,667**	**1,531,058**	**2,375,894**	**4,517,599**

Property, Plant and Equipment

During the Track Record Period, our property, plant and equipment primarily consisted of equipment and machinery, server and network equipment, office equipment and furniture, and leasehold improvement. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Equipment and machinery	6,885	9,771	4,593	43,431
Server and network equipment	12,935	11,776	10,563	9,820
Office equipment and furniture	3,081	3,630	2,591	3,811
Leasehold improvement	—	320	—	—
Total	**22,901**	**25,497**	**17,747**	**57,062**

Our property, plant and equipment increased from RMB22.9 million as of December 31, 2022 to RMB25.5 million as of December 31, 2023, primarily due to the increase of equipment and machinery as a result of the acquisition of Huatu. Our property, plant and equipment decreased from RMB25.5 million as of December 31, 2023 to RMB17.7 million as of December 31, 2024, primarily attributable to the depreciation of property, plant and equipment during daily operation. Our property, plant and equipment increased from RMB17.7 million as of December 31, 2024 to RMB57.1 million as of September 30, 2025, primarily due to the addition of equipment and machinery to support our R&D activities.

Intangible Assets

During the Track Record Period, our intangible assets primarily consisted of IP license, patent, software, technology and trademark. The following table sets forth the breakdown of our intangible assets as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
IP license	69,269	87,038	60,769	242,350
Patent	—	34,278	25,187	18,369
Software	30,378	35,066	17,209	7,725
Technology	—	277,792	249,542	228,354
Trademark	—	132,552	119,073	108,963
Total	**99,647**	**566,726**	**471,780**	**605,761**

Our intangible assets increased from RMB99.6 million as of December 31, 2022 to RMB566.7 million as of December 31, 2023, primarily due to an increase of RMB277.8 million in technology and an increase of RMB132.6 million in trademark, as a result of the acquisition of Huatu. Our intangible assets decreased from RMB566.7 million as of December 31, 2023 to RMB471.8 million as of December 31, 2024. Our intangible assets then increased to RMB605.8 million as of September 30, 2025, primarily due to an increase of RMB181.6 million in IP license to support our expansion of product offerings.

Goodwill

Goodwill represents the excess of (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of our previously held equity interest in the acquiree; over (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date. When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase. Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment. For details of the accounting policy of goodwill, see note 2(e) to the Accountants' Report as set out in Appendix I to this prospectus.

The carrying value of our goodwill were nil, RMB908.2 million, RMB908.2 million and RMB908.2 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The increase was primarily a result of the acquisition of Huatu.

Impairment Assessment for Non-financial Assets (other than Goodwill)

Although we had net losses during the Track Record Period, such losses were within our expectation as we transitioned from the R&D phase to the mass production. With expanding sales, we expect to reach the break-even point in the near future. At of December 31, 2022, 2023 and 2024 and September 30, 2025, we considered the non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets of our Group, as a single cash-generating unit group. During the Track Record Period, we reviewed the internal and external sources of information, and no impairment indication of our nonfinancial assets was identified. Therefore, no impairment testing was required.

Impairment Tests for Goodwill

The calculations of the recoverable amount use cash flow projections based on financial budgets approved by management covering a 10-year period. We are in the industry which is currently in the stage of rapid development. Considering our business expansion plan, we plan to continue to grow our presence in industry by researching and developing tailored, high-value products, such as edge and on-device AI SoCs and smart vehicle SoCs, and deepening our market penetration. As a result, we will be in a period of rapid development for the next few years and is expected to develop to a stable stage in the next decade. The recoverable amount for goodwill impairment assessment determined based on the value-in-use calculations has also been cross-checked to the valuation report as issued by an independent qualified appraisal firm.

For the years ended December 31, 2023 and 2024 and the nine months ended September 30, 2025, the key assumptions as adopted in the impairment assessment are as below:

	For the year ended December 31,		For the nine months ended September 30,
	2023	2024	2025
	%	%	%
Revenue growth rate	9.99~ 105.25	5.94~ 85.72	5.64~ 85.72
Pre-tax discount rate	17.66	17.53	17.67
Terminal growth rate	2.20	2.00	2.00

We perform annual impairment tests on goodwill at the end of each year/period during the Track Record Period. Based on the result of the goodwill impairment tests, the estimated recoverable amount of the cash generating unit was approximately RMB6,145.7 million, RMB5,410.7 million and RMB7,747.3 million as of December 31, 2023 and 2024 and September 30, 2025, exceeding carrying amount by RMB3,438.1 million, RMB2,805.6 million and RMB5,081.5 million, respectively. No impairment was recognized in respect of the goodwill as of December 31, 2023 and 2024 and September 30, 2025.

We performed a sensitivity analysis on key assumptions used in management's annual impairment test of goodwill. Had the discount rate during the forecast period been 5% higher, the remaining headroom would have decreased to RMB2,707.8 million and RMB2,234.6 million and RMB4,337.4 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. Had the estimated revenue growth during the forecast period been decreased by 1%, the remaining headroom would have decreased to RMB2,650.0 million, RMB2,247.6 million and RMB4,368.6 million as of December 31, 2023 and 2024 and September 30, 2025. Reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2023 and 2024 and September 30, 2025. The parameters of average revenue growth rate, annual growth rate and pre-tax discount rate used for impairment test of goodwill remained largely the same throughout the Track Record Period, because the management considered that there were no material changes in business and operation of Zhejiang Huatu or external market conditions when determining the key assumptions.

During the Track Record Period, we did not record impairment loss on our goodwill. For details of key assumptions used on impairment testing of our goodwill, see note 14 to the Accountants' Report as set out in Appendix I to this prospectus.

Financial Assets at Fair Value Through Other Comprehensive Income ("FVOCI")

During the Track Record Period, our financial assets at FVOCI represented unlisted equity investment irrevocably designated at fair value through other comprehensive income due to their nature as long-term strategic instruments. We recorded financial assets at FVOCI of RMB9.9 million, RMB14.9 million, RMB14.9 million and RMB14.9 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. The changes in our financial assets at FVOCI during the Track Record Period were caused by increase in the unlisted equity investment and fluctuations in the fair value of our investment in the shares of two companies that were not traded on the open market For details regarding the valuation measurements, see note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

Prepayments and Other Receivables

During the Track Record Period, our non-current portion of prepayments and other receivables primarily consisted of (i) deposits; (ii) prepayments for investments primarily representing the consideration to certain original shareholders of Zhejiang Huatu; and (iii) prepayments for long-term assets. Our current portion of prepayments and other receivables primarily included (i) vendor rebates receivable for procurement rebate; (ii) deposits; (iii) refund receivable related to certain advance payments; (iv) prepayments associated with procurement, rent and utilities; and (v) value-added tax recoverable. The following table sets forth the breakdown of our prepayments and other receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Non-current:				
Deposits	3,675	4,638	4,092	4,213
Less: loss allowance	—	(1,001)	(1,043)	(1,042)
Financial assets measured at amortized cost	3,675	3,637	3,049	3,171
Prepayments for:				
— investments	—	137,824	137,824	—
— long-term assets	7,397	35,357	31,503	62,042
	7,397	173,181	169,327	62,042
Subtotal	11,072	176,818	172,376	65,213
Current:				
Vendor rebates receivable	—	—	6,952	1,657
Listing expenses to be capitalized	—	—	—	4,302
Deposits	47	164	1,844	2,239
Refund receivable	25,449	—	—	—
Advances to a related party	—	250	250	250
Others	204	725	860	429
Financial assets measured at amortized cost	25,700	1,139	9,906	8,877
Prepayments	12,438	26,194	55,178	146,478
Value-added tax recoverable	23,894	17,995	34,628	76,039
Subtotal	62,032	45,328	99,712	231,394
Total	**73,104**	**222,146**	**272,088**	**296,607**

Our non-current portion of prepayments and other receivables increased from RMB11.1 million as of December 31, 2022 to RMB176.8 million as of December 31, 2023, primarily due to an increase of RMB137.8 million in prepayments for investments, as we completed the full payment of consideration to certain original shareholders of Zhejiang Huatu in 2023, while the official registration of the share transfer had not yet been completed as of December 31, 2023. In the first half of 2025, we had completed such registration of the share transfer, and therefore did not record prepayments for investments since June 2025. Our non-current portion of prepayments and other receivables remained relatively stable at RMB176.8 million as of December 31, 2023 and RMB172.4 million as of December 31, 2024, respectively. Our non-current portion of prepayments and other receivables decreased from RMB172.4 million as of December 31, 2024 to RMB65.2 million as of September 30, 2025, primarily due to the settlement of RMB137.8 million in prepayments for investments as a result of the above-mentioned registration of the share transfer.

Our current portion of prepayments and other receivables decreased from RMB62.0 million as of December 31, 2022 to RMB45.3 million as of December 31, 2023, primarily due to (i) a decrease of RMB25.4 million in refund receivable mainly attributable to the refund of advance payments to procure wafers from a supplier as a result of an one-off change of production plan to better align procurement with the latest customer demand and project timelines. We had made advance payments for certain wafer procurement based on initial sales forecasts. Upon reassessment of market demand and project timelines, we negotiated with the supplier to cancel portions of the unproduced orders, resulting in the refund of corresponding advance payments; and (ii) a decrease of RMB5.9 million in value-added tax recoverable, partially offset by an increase of RMB13.8 million in prepayments as a result of our increased procurement to support expanding business. Our current portion of prepayments and other receivables increased from RMB45.3 million as of December 31, 2023 to RMB99.7 million as of December 31, 2024, primarily due to (i) an increase of RMB29.0 million in prepayments as a result of our increased procurement to support expanding business; and (ii) an increase of RMB16.6 million in value-added tax recoverable. Our current portion of prepayments and other receivables increased from RMB99.7 million as of December 31, 2024 to RMB231.4 million as of September 30, 2025, primarily due to an increase of RMB91.3 million in prepayments to foundries to secure their manufacturing capacity and ensure our procurement needs for the last quarter of the year.

To manage the potential impact of changing market demand and project schedules, we have implemented procurement management measures that emphasize forward planning, rolling demand forecasts and flexible sourcing strategies. We also maintain communication mechanisms with suppliers to adjust procurement volume and delivery schedules when necessary. Under our typical procurement arrangements, if purchase orders are adjusted, postponed, or cancelled before production, we may request refunds or use the unutilized prepayments to offset future purchases. Such refund or offset arrangements are governed by our supplier contracts and commercial negotiations, taking into account production progress and mutual obligations. We also monitor suppliers' creditworthiness and settlement records to manage recovery risk.

As of January 9, 2026, RMB124.3 million, or approximately 82.3% of our prepayments and other receivables as of September 30, 2025 had been subsequently settled.

Financial Assets at Fair Value Through Profit or Loss ("FVPL")

As part of our cash management policy, we purchase wealth management products to better utilize our idle cash without interfering with our business operations or capital expenditures. During the Track Record Period, we purchased wealth management products issued by reputable banks in the PRC, with a floating return being paid together with the principal on the maturity date, which were recognized as financial assets at FVPL. As of December 31, 2022, 2023 and 2024, we had financial assets at FVPL of RMB631.9 million, RMB100.1 million and nil, respectively. Such decreases were primarily due to the increased conversion of financial assets at FVPL into cash, which was then used to support our business expansion and investments, including the acquisition of Huatu in October 2023, as well as further investments in our smart vehicle and edge AI interference segments in 2024. Our financial assets at FVPL increased from nil as of December 31, 2024 to RMB376.7 million as of September 30, 2025, primarily due to the purchase of structured wealth management products for cash management purposes as we received proceeds from Series C Financing.

To monitor and control the investment risks associated with our financial assets at FVPL, we have adopted a comprehensive set of internal policies and guidelines to manage our investment in financial assets at FVPL. We make investment decisions based on our estimated capital requirements and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit our purchases to low-risk and short-term products which are redeemable on demand from reputable commercial banks.

We will comply with relevant requirements under Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions to the extent necessary and as appropriate after the Listing.

Inventories

During the Track Record Period, our inventories primarily consisted of (i) raw materials; (ii) semi-finished products and working in progress; and (iii) finished goods. The following table sets forth the breakdown of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Raw materials	53,047	56,794	74,941	62,242
Semi-finished products and work in progress	14,001	46,355	95,514	246,575
Finished products	12,871	32,173	41,420	53,572
Total	**79,919**	**135,322**	**211,875**	**362,389**

Our inventories increased from RMB79.9 million as of December 31, 2022 to RMB135.3 million as of December 31, 2023, to RMB211.9 million as of December 31, 2024, and further increased to RMB362.4 million as of September 30, 2025, primarily in line with our expanded operations and growing demand for our products and to stock up to satisfy the higher demand in the last quarter of the year.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Within 1 year	78,875	94,305	191,226	344,180
Between 1 and 2 years	1,044	38,428	14,317	13,148
Over 2 years	—	2,589	6,332	5,061
Total	**79,919**	**135,322**	**211,875**	**362,389**

The following table sets forth our inventory turnover days for the years/period indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Inventory turnover days(1)	539	230	170	369

Note:

(1) Inventory turnover days for each year/period equals the average of the beginning and ending balance of inventories for that year/period divided by the cost of sales for the relevant year/period and multiplied by 365 days (for a year) or 270 days (for the nine-month period).

Our inventory turnover days were 539 days in 2022, primarily reflected our increased inventory buildup in response to supply chain uncertainties and preparation for launch of new products. Our inventory turnover days continuously decreased to 230 days in 2023, and further to 170 days in 2024, primarily due to our enhanced inventory management. For the nine months ended September 30, 2025, our inventory turnover days increased to 369 days, primarily because the sales of our products are typically concentrated in the last quarter of the year, aligning with customer ordering patterns.

As of January 9, 2026, RMB221.2 million, or approximately 61.0% of our inventories as of September 30, 2025 had been subsequently consumed or used.

Our inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average method. The net realizable value is estimated based on current market situation and historical experience of similar inventories. We assessed impairment to inventories from time to time during the Track Record Period and may make provision to write down our inventories to the net realizable value if the inventories become expired or damaged, or their prices go down, and their realizable value substantially decreases. We recorded provision of RMB0.5 million, RMB4.3 million, and RMB1.7 million for the years ended December 31, 2022 and 2024 and the nine months ended September 30, 2025, and a reversal of provision of RMB1.3 million for the year ended December 31, 2023. We have been closely monitoring the recoverability of these inventories. We believe that we have made sufficient impairment provision for inventories during the Track Record Period and we did not identify any material recoverability issues for our inventories because (i) the accumulation of our inventories are generally backed by pre-existing orders made from our customers and their demand that have driven our sales growth; (ii) our inventories mainly comprise non-perishable and non-fragile semiconductor products and related components that generally have an extended product life cycle and can maintain their saleable value for an extended period; and (iii) our inventories aged within one year accounted for 95.0% of the total inventories as of September 30, 2025, indicating effective inventory management and relatively low risk of obsolescence.

Trade Receivables

During the Track Record Period, our trade receivables mainly represented outstanding amounts due from our customers for products we have sold. We generally require our customers to make payment before the product shipment, unless otherwise expressly agreed in the specified purchase order. For customers to whom we granted a credit period during the Track Record Period, the typical term is up to 120 days. The following table sets forth the breakdown of our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Gross amount of trade receivables				
— Due from third parties	26,449	183,253	235,333	68,492
— Due from a related party	—	—	1,705	902
Loss allowance	—	(4,001)	(14,991)	(9,909)
Trade receivables, net	**26,449**	**179,252**	**222,047**	**59,485**

Our trade receivables increased from RMB26.4 million as of December 31, 2022 to RMB179.3 million as of December 31, 2023, and further increased to RMB222.0 million as of December 31, 2024. Such increases were primarily due to the increased sales of products associated with our business expansion and acquisition of Huatu. Our trade receivables decreased from RMB222.0 million as of December 31, 2024 to RMB59.5 million as of September 30, 2025, primarily due to the settlement of a large amount of trade receivables in the nine months ended September 30, 2025.

We perform an impairment analysis at the end of each reporting period by using a provision matrix and individually determined to be impaired to measure expected credit losses for trade receivables. The provision rates are based on aging for various customers that have similar loss patterns. The provision matrix is initially based on our historical observed default rates. We calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period during the Track Record Period about past events, current conditions and forecasts of future economic conditions. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we recorded loss allowance for trade receivables of nil, RMB4.0 million, RMB15.0 million and RMB9.9 million, respectively.

The following table sets forth an aging analysis of our trade receivables based on the date of revenue recognition and net of loss allowance as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Within 1 year	26,449	179,071	220,789	58,543
1 year to 2 years	—	181	1,258	942
Total	**26,449**	**179,252**	**222,047**	**59,485**

The following table sets forth our trade receivables turnover days for the years/period indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Trade receivables turnover days(1)	95	163	155	141

Note:

(1) Trade receivables turnover days for each year/period equals the average of the beginning and ending balance of trade receivables for that year/period divided by the revenue for the relevant year/period and multiplied by 365 days (for a year) or 270 days (for the nine-month period).

Our trade receivables turnover days increased from 95 days in 2022 to 163 days in 2023, primarily due to (i) higher sales to distributors, to whom we may grant a credit terms of up to six months for certain transactions, which are typically longer than those offered to direct customers. The number of our distributors grew from two as of December 31, 2022 to 14 as of December 31, 2023; and (ii) the inclusion of Huatu's trade receivables following its acquisition, as Huatu generally provided credit periods of up to 120 days. Our trade receivables turnover days remained relatively stable at 163 days in 2023 and 155 days in 2024. Our trade receivables turnover days then decreased to 141 days for the nine months ended September 30, 2025, primarily due to the enhanced collection of our trade receivables.

As of January 9, 2026, RMB43.3 million, or approximately 62.4% of our trade receivables as of September 30, 2025 had been subsequently settled.

We have assessed the recoverability of our trade receivables, including reviewing customer profiles, assessing the likelihood of collection and considering any subsequent settlement. We measure loss allowances for trade receivables at an amount equal to lifetime ECL based on the customers' historical settlement records and forward-looking information, and have recognized loss allowance provisions in accordance with IFRS Accounting Standards to reflect uncertainties associated with the outstanding balances. Having considered that (i) our trade receivables balances were mainly due from customers with ongoing business relationships with us, (ii) there were no material ongoing disputes with such customers, (iii) these customers have been making subsequent repayments to us and their historical repayment patterns were generally stable during the Track Record Period, (iv) we have implemented and continuously applied stringent credit management policies, closely monitored the recoverability of our trade receivables and actively followed up on collections, and (v) the vast majority of our trade receivables as of September 30, 2025 were aged within one year, we believe that there is no indication of material recoverability issues in respect of our trade receivables and that the loss allowance recognized is sufficient to cover the expected credit losses.

Time Deposits

Our time deposits remained relatively stable at RMB51.1 million as of December 31, 2022 and RMB52.2 million as of December 31, 2023, and decreased to RMB33.1 million as of December 31, 2024, primarily as a result of our increased cash requirements to support our ongoing operations. Our time deposits further decreased to nil as of September 30, 2025, as we purchased more structured wealth management products for cash management purposes.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents represented cash at bank, net of restricted cash. Our cash and cash equivalents increased from RMB68.8 million as of December 31, 2022 to RMB316.7 million as of December 31, 2023, and further increased to RMB843.3 million as of December 31, 2024. Such increases were primarily attributable to the proceeds we received from Series B Financing in 2023 and Series C Financing in 2024. Although we received more proceeds from Series C Financing in the first half of 2025, our cash and cash equivalents decreased from RMB843.3 million as of December 31, 2024 to RMB340.4 million as of September 30, 2025, primarily because we purchased more structured wealth management products for cash management purposes as well as more IP license and materials to support our operation. See also "History, Development and Corporate Structure — Major Corporate Development and Shareholding Changes."

Trade and Bill Payables

During the Track Record Period, our trade and bill payables primarily represented outstanding amounts due to our suppliers of equipment, assembly and testing services and third-party IP cores. For suppliers who granted us a credit period during the Track Record Period, the typical term is ranging from 30 days to 90 days. Our trade and bill payables amounted to RMB25.7 million, RMB53.4 million and RMB92.6 million as of December 31, 2022, 2023 and 2024, respectively. Such increases were primarily due to more purchase of consumable materials and services in line with our business expansion. Our trade and bill payables increased significantly from RMB92.6 million as of December 31, 2024 to RMB213.3 million as of September 30, 2025, primarily reflecting the purchases of IP cores and equipment to support our business expansion, a majority of which were settled in the fourth quarter of 2025.

The following table sets forth the aging analysis of our trade and bill payables based on the invoice date as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Within 1 year	25,111	43,241	79,644	204,275
Over 1 year	633	10,118	12,937	9,062
Total	**25,744**	**53,359**	**92,581**	**213,337**

The following table sets forth our trade and bill payables turnover days for the years/period indicated.

	For the year ended December 31,			For the nine months ended September 30,
	2022	2023	2024	2025
Trade and bill payables turnover days(1)	171	84	71	196

Note:

(1) Trade and bill payables turnover days for each year/period equals the average of the beginning and ending balance of trade and bill payables for that year/period divided by the cost of sales for the relevant year/period and multiplied by 365 days (for a year) or 270 days (for the nine-month period).

Our trade and bill payables turnover days decreased from 171 days in 2022 to 84 days in 2023, and further to 71 days in 2024, primarily due to the shift in the structure of our trade and bill payables during the years. Our trade and bill payables turnover days increased from 71 days in 2024 to 196 days in the nine months ended September 30, 2025, as we tried to optimize our operating cash flows by delaying payments to suppliers within the credit terms. As of December 31, 2022, our trade and bills payables were largely related to the purchase of equipment, which was granted relatively long credit terms. In 2023 and 2024, we had greater requirements for consumable materials and services to support our production activities. As a result, our trade and bills payables as of December 31, 2023 and 2024 were mainly associated with the procurement of materials and services, which typically carried shorter credit terms. In contrast, our trade and bills payables as of September 30, 2025 were mainly associated with the procurement of IP cores and equipment, which typically carried longer credit terms.

As of January 9, 2026, RMB144.0 million, or 67.5% of our trade and bill payables as of September 30, 2025 had been subsequently settled.

Other Payables and Accruals

During the Track Record Period, our other payables and accruals primarily consisted of (i) advance from investors; (ii) accrued payroll and other benefits; (iii) other tax payables; (iv) payable for purchase of software; and (v) consideration payable associated with the acquisition of Huatu; (vi) repurchase obligations for the shares held for employee incentive scheme, representing the amounts associated with the purchase of restricted shares by certain employees, which are refundable if such employees terminate their services before the restricted shares are vested. The restricted shares are subject to their respective vesting period commencing after completion of qualifying events. Upon early termination of employment, we are entitled to repurchase unvested restricted shares at the original purchase price. The repurchased shares are reserved to our restricted share pool for potential reallocation to other eligible employees under our employee incentive scheme. For details, see note 27 to the Accountants' Report as set out in Appendix I to this prospectus; and (vii) advances from a related party. The following table sets forth our accruals and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Non-Current:				
Payable for purchase of software	5,537	5,666	—	—

	As of December 31,			As of September 30,
	2022	2023	2024	2025
			(RMB'000)	
Current:				
Advance from investors	—	—	250,000	—
Accrued payroll and other benefits	57,916	70,859	72,027	41,527
Payables for listing expenses	—	—	—	10,621
Other tax payables	9,407	26,876	18,446	15,152
Payable for purchase of software	7,421	11,776	5,991	—
Consideration payable related to the business combination	—	642,362	—	—
Repurchase obligations for the shares held for employee incentive scheme	26,000	35,746	33,791	26,340
Advances from a related party	—	3,548	3,448	3,448
Others	927	2,565	2,510	2,307
	101,671	793,732	386,213	99,395
Total	**107,208**	**799,398**	**386,213**	**99,395**

Our other payables and accruals increased from RMB107.2 million as of December 31, 2022 to RMB799.4 million as of December 31, 2023, primarily attributable to an increase of RMB642.4 million in consideration payable related to the business combination, mainly representing share swap consideration payable to the original shareholders of Zhejiang Huatu in relation to our acquisition of Huatu. Our other payables and accruals decreased from RMB799.4 million as of December 31, 2023 to RMB386.2 million as of December 31, 2024, primarily attributable to the settlement of RMB642.4 million in consideration payable related to the business combination mentioned above, partially offset by an increase of RMB250.0 million in advance from investors, mainly representing the proceeds received from certain investors in the fourth quarter of 2024 for which shareholder registration had not yet been completed. Our other payables and accruals decreased from RMB386.2 million as of December 31, 2024 to RMB99.4 million as of September 30, 2025, primarily due to a decrease of RMB250.0 million in above-mentioned advance from investors, because we completed the shareholder registration in the first half of 2025.

Financial Instruments Issued to Investors

During the Track Record Period, our financial instruments issued to investors represented the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments. We recognized the financial instruments issued to investors as financial liabilities, because not all triggering events of redemption are within our control and these financial instruments did not meet the definition of equity for us. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we recorded financial instruments issued to investors of RMB1,981.1 million, RMB2,852.4 million, RMB4,444.7 million and RMB6,525.9 million, respectively. Upon Listing, all such financial instruments will be converted into ordinary shares, and accordingly, such liability will be derecognized and transferred to equity. See also "History, Development and Corporate Structure — Pre-IPO Investments" and note 29 to the Accountants' Report as set out in Appendix I to this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our purchase of raw materials, research, development, and manufacturing of our products, as well as other working capital needs During the Track Record Period, we financed our operations and other capital requirements primarily through sales of our products, capital contributions from equity holders and bank borrowings.

Our anticipated cash needs primarily include costs associated with the research and development of our products, the expansion of our sales network and business operations We expect to fund our future working capital and other cash requirements with existing cash and cash equivalents, income generated from our commercialized products, the net proceeds from Global Offering and, when necessary, bank and other borrowings.

As of November 30, 2025, the most recent practicable date for determining our indebtedness, we had cash and cash equivalents of RMB715.2 million. As of the same date, we had committed unutilized bank facilities of RMB590.0 million. Considering our internal resources, our future cash flow from operations, available bank facilities and the estimated net proceeds from the Listing, our Directors confirm that we have sufficient working capital for our current requirements and for the next 12 months from the date of this prospectus.

We had net current liabilities of RMB1,275.4 million, RMB3,065.4 million, RMB3,805.3 million, RMB5,796.1 million and RMB5,818.5 million as of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, respectively. Our net current liabilities position was primarily because we recorded financial instruments issued to investors of RMB1,981.1 million, RMB2,852.4 million, RMB4,444.7 million, RMB6,525.9 million and RMB6,600.1 million as of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, respectively. Upon Listing, all of our financial instruments issued to investors will be converted into ordinary shares. As a result, such liability will be de-recognized and reclassified as equity. We expect that we will turn into net current assets and net assets position upon Listing after reclassifying the redemption liabilities associated with our Pre-IPO Investors and taking into account the net proceeds we will receive. We had net operating cash outflow of RMB447.4 million, RMB460.2 million, RMB597.5 million and RMB548.9 million in 2022, 2023, 2024 and the nine months ended September 30, 2025, respectively. During the Track Record Period, our net cash flows used in operating activities primarily comprised our loss before taxation for the year/period. We expect to improve our net current liabilities position and net operating cash outflow position primarily through (i) capturing the opportunities presented by the fast-growing markets; (ii) enriching our product portfolio and expanding our customer base; (iii) optimizing business mix to maintain and improve our gross margin profile; (iv) enhancing our operational efficiency and economies of scale; and (v) continuing stringent cash management practices. As a result, we expect to generate more operating cash inflow from sales of our products and our operations, which constitute a substantial portion of our current assets. For details, see "Business — Pathway to Profitability — Further Plans to Improve Financial Performance."

Net Current Liabilities

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
			(RMB'000)		
					(Unaudited)
Current assets					
Financial assets at FVPL	631,927	100,064	—	376,730	—
Inventories	79,919	135,322	211,875	362,389	411,401
Trade receivables	26,449	179,252	222,047	59,485	79,824
Prepayments and other receivables	62,032	45,328	99,712	231,394	261,154
Time deposits	—	20,079	33,138	—	—
Restricted cash	1,343	—	—	—	—
Cash and cash equivalents	68,841	316,738	843,250	340,433	715,208
Total current assets	**870,511**	**796,783**	**1,410,022**	**1,370,431**	**1,467,587**

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB'000)				
					(Unaudited)
Current liabilities					
Trade and bill payables	25,744	53,359	92,581	213,337	183,180
Other payables and accruals	101,671	793,732	386,213	99,395	112,840
Bank loans	30,000	146,428	280,157	320,467	374,298
Contract liabilities	214	8,909	2,392	3,596	12,769
Lease liabilities	7,117	7,403	9,238	3,866	2,872
Financial instruments issued to investors	1,981,118	2,852,385	4,444,742	6,525,913	6,600,117
Total current liabilities	**2,145,864**	**3,862,216**	**5,215,323**	**7,166,574**	**7,286,076**
Net current liabilities	**1,275,353**	**3,065,433**	**3,805,301**	**5,796,143**	**5,818,489**

Our net current liabilities increased from RMB1,275.4 million as of December 31, 2022 to RMB3,065.4 million as of December 31, 2023, primarily due to an increase of RMB1,716.4 million in our current liabilities, which was mainly attributable to the increase of RMB871.3 million in financial instruments issued to investors, representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing, and the increase of RMB692.1 million in other payables and accruals representing the share swap consideration payable to the original shareholders of Zhejiang Huatu in relation to our acquisition of Huatu.

Our net current liabilities increased from RMB3,065.4 million as of December 31, 2023 to RMB3,805.3 million as of December 31, 2024, primarily due to an increase of RMB1,353.1 million in our current liabilities mainly due to the increase of RMB1,592.4 million in financial instruments issued to investors representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing, partially offset by an increase of RMB613.2 million in our current assets mainly attributable to the increase of RMB526.5 million in cash and cash equivalents primarily attributable to the proceeds we received from Series C Financing in 2024.

Our net current liabilities increased from RMB3,805.3 million as of December 31, 2024 to RMB5,796.1 million as of September 30, 2025, primarily due to an increase of RMB1,951.3 million in our current liabilities mainly due to the increase of RMB2,081.2 million in financial instruments issued to investors representing the shares with preferred rights issued to Pre-IPO Investors in connection with the Pre-IPO Investments, which will be derecognized and transferred to equity upon Listing.

Our net current liabilities increased from RMB5,796.1 million as of September 30, 2025 to RMB5,818.5 million as of November 30, 2025, primarily due to an increase of RMB119.5 million in our current liabilities mainly due to the increase of RMB74.2 million in financial instruments issued to investors and the increase of RMB53.8 million in bank loans, partially offset by an increase of RMB97.2 million in our current assets mainly due to the increase of RMB374.8 million in cash and cash equivalents and the increase of RMB49.0 million in inventories.

Cash Flows

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,	
	2022	2023	2024	2024	2025
			(RMB'000)	*(Unaudited)*	
Operating cash flows before movements in working capital	(403,349)	(470,297)	(449,772)	(355,852)	(379,517)
Changes in working capital	(44,071)	10,055	(147,756)	(78,223)	(169,358)
Net cash used in operating activities	(447,420)	(460,242)	(597,528)	(434,075)	(548,875)
Net cash generated from/(used in) investing activities	120,897	120,725	24,393	31,463	(484,990)
Net cash generated from financing activities	278,234	586,233	1,100,619	208,049	531,392
Net (decrease)/increase in cash and cash equivalents	(48,289)	246,716	527,484	(194,563)	(502,473)
Cash and cash equivalents at beginning of the year/period	117,146	68,841	316,738	316,738	843,250
Effect of foreign exchange rate changes	(16)	1,181	(972)	(796)	(344)
Cash and cash equivalents at end of the year/ period	**68,841**	**316,738**	**843,250**	**121,379**	**340,433**

Operating Activities

For the nine months ended September 30, 2025, our net cash used in operating activities was RMB548.9 million, which was primarily attributable to our loss before taxation of RMB855.7 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB295.0 million, decrease in trade receivables of RMB162.6 million, amortization of intangible assets of RMB78.3 million and equity settled share-based payment of RMB77.3 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB150.5 million, increase in prepayments and other receivables of RMB121.4 million and decrease in trade and bill payables of RMB37.8 million.

In 2024, our net cash used in operating activities was RMB597.5 million, which was primarily attributable to our loss before taxation of RMB904.2 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB225.0 million, amortization of intangible assets of RMB126.4 million, equity settled share-based payment of RMB51.5 million and increase in trade and bill payables of RMB39.2 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB76.6 million, increase in trade receivables of RMB42.8 million and increase in prepayments and other receivables of RMB53.8 million.

In 2023, our net cash used in operating activities was RMB460.2 million, which was primarily attributable to our loss before taxation of RMB743.1 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB157.7 million, decrease in inventories of RMB76.3 million, amortization of intangible assets of RMB67.3 million, decrease in prepayments and other receivables of RMB53.6 million and equity settled share-based payment of RMB42.9 million; and (ii) negative adjustments, which primarily included increase in trade receivables of RMB126.3 million.

In 2022, our net cash used in operating activities was RMB447.4 million, which was primarily attributable to our loss before taxation of RMB611.6 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included changes in carrying amount of the redemption liabilities of RMB131.4 million, amortization of intangible assets of RMB45.5 million, equity settled share-based payment of RMB36.1 million, increase in trade and bill payables of RMB16.6 million, and decrease in prepayments and other receivables of RMB15.7 million; and (ii) negative adjustments, which primarily included increase in inventories of RMB49.9 million and increase in trade receivables of RMB26.3 million.

Investing Activities

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB485.0 million, primarily attributable to (i) payment for purchase of financial assets measured at FVPL of RMB1,306.5 million, and (ii) payment for purchase of property, plant and equipment and intangible assets of RMB143.7 million, partially offset by (i) proceeds from disposal of financial assets measured at FVPL of RMB931.9 million, and (ii) withdrawal of time deposits of RMB33.2 million.

In 2024, our net cash generated from investing activities was RMB24.4 million, which was primarily attributable to (i) proceeds from disposal of financial assets measured at FVPL of RMB160.5 million, and (ii) withdrawal of time deposits of RMB20.1 million, partially offset by (i) payment for purchase of financial assets measured at FVPL of RMB60.0 million, (ii) acquisition of subsidiaries, net of cash of RMB50.0 million, and (iii) payment for purchase of property, plant and equipment and intangible assets of RMB46.2 million.

In 2023, our net cash generated from investing activities was RMB120.7 million, which was primarily attributable to proceeds from disposal of financial assets measured at FVPL of RMB1,809.1 million, partially offset by (i) payment for purchase of financial assets measured at FVPL of RMB1,270.0 million, and (ii) payment for purchase of an associate of RMB399.8 million.

In 2022, our net cash generated from investing activities was RMB120.9 million, which was primarily attributable to proceeds from disposal of financial assets measured at FVPL of RMB3,348.2 million, partially offset by payment for purchase of financial assets measured at FVPL of RMB3,120.0 million.

Financing Activities

For the nine months ended September 30, 2025, our net cash generated from financing activities was RMB531.4 million, which was primarily attributable to (i) proceeds from bank loans of RMB509.0 million, and (ii) proceeds from the issuance of financial instruments to investors of RMB375.0 million, partially offset by (i) repayment of bank loans of RMB256.4 million, and (ii) prepayment for purchase of non-controlling interests in a subsidiary of RMB44.0 million.

In 2024, our net cash generated from financing activities was RMB1,100.6 million, which was primarily attributable to (i) proceeds from the issuance of financial instruments to investors of RMB1,025.0 million, and (ii) proceeds from bank loans of RMB319.1 million, partially offset by repayment of bank loans of RMB213.7 million.

In 2023, our net cash generated from financing activities was RMB586.2 million, which was primarily attributable to (i) proceeds from the issuance of financial instruments to investors of RMB566.1 million, and (ii) proceeds from bank loans of RMB262.1 million, partially offset by (i) prepayment for purchase of non-controlling interests in a subsidiary of RMB137.8 million, and (ii) repayment of bank loans of RMB103.8 million.

In 2022, our net cash generated from financing activities was RMB278.2 million, which was primarily attributable to proceeds from the issuance of financial instruments to investors of RMB265.0 million.

INDEBTEDNESS

As of December 31, 2022, 2023 and 2024 and September 30, 2025, and November 30, 2025, the most recent practicable date for determining our indebtedness, except as disclosed in the table below, we did not have any material indebtedness.

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
			(RMB'000)		
					(Unaudited)
Current					
Financial instruments issued to investors	1,981,118	2,852,385	4,444,742	6,525,913	6,600,117
Bank loans	30,000	146,428	280,157	320,467	374,298
Lease liabilities	7,117	7,403	9,238	3,866	2,872
Amounts due to a related party	—	3,548	3,448	3,448	3,448
Subtotal	2,018,235	3,009,764	4,737,585	6,853,694	6,980,735
Non-current					
Bank loans	—	191,600	165,000	377,600	633,250
Lease liabilities	2,818	4,580	3,368	2,142	1,920
Subtotal	2,818	196,180	168,368	379,742	635,170
Total	**2,021,053**	**3,205,944**	**4,905,953**	**7,233,436**	**7,615,905**

Financial Instruments Issued to Investors

As of December 31, 2022, 2023 and 2024, and September 30, 2025, and November 30, 2025, we recorded financial instruments issued to investors of RMB1,981.1 million, RMB2,852.4 million, RMB4,444.7 million, RMB6,525.9 million RMB6,600.1 million, respectively. For details, see "—Discussion of Key Items of Consolidated Statements of Financial Position—Financial Instruments Issued to Investors."

Bank Loans

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had bank loans of RMB30.0 million, RMB338.0 million, RMB445.2 million and RMB698.1 million, respectively. During the Track Record Period, our bank borrowings came from commercial banks bearing effective interest rates in the range of 2.40% to 5.90% per annum. Our borrowings were primarily used to finance our R&D activities and increased working capital requirements driven by our business expansion during the Track Record Period. The followings table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30,
	2022	2023	2024	2025	2025
	(RMB'000)				
					(Unaudited)
Non-current					
Unsecured	—	59,600	35,000	249,600	505,250
Secured [(1)]	—	132,000	130,000	128,000	128,000
Subtotal	—	191,600	165,000	377,600	633,250
Current					
Unsecured	30,000	143,556	276,519	315,729	368,338
Secured [(1)]	—	2,872	3,638	4,738	5,960
Subtotal	30,000	146,428	280,157	320,467	374,298
Total	**30,000**	**338,028**	**445,157**	**698,067**	**1,007,548**

Note:

(1) The secured bank loans are borrowed by our Group for acquisition of Zhejiang Huatu and are pledged by the RMB26.0 million paid-in-capital of Zhejiang Huatu.

As of November 30, 2025, we had borrowings of RMB1,007.5 million, which bearing effective interest rates in the range of 2.40% to 5.90% per annum. As of the same date, we had committed unutilized bank facilities of RMB590.0 million.

Amounts Due to A Related Party

As of December 31, 2022, 2023 and 2024, and September 30, 2025 and November 30, 2025, we recorded amounts due to a related party of nil, RMB3.5 million, RMB3.4 million, RMB3.4 million and RMB3.4 million, respectively. Our amounts due to a related party represented amounts of borrowings to be repaid to Mr. Jianwei Liu, our executive Director, which were non-trade, unsecured and interest-free. Such borrowings will be settled prior to Listing. For details, see note 34(c) to the Accountants' Report as set out in Appendix I to this prospectus.

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to our lease of offices. The following table sets forth the details of our lease liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of November 30
	2022	2023	2024	2025	2025
	(RMB'000)				
					(Unaudited)
Current	7,117	7,403	9,238	3,866	2,872
Non-current	2,818	4,580	3,368	2,142	1,920
Total	**9,935**	**11,983**	**12,606**	**6,008**	**4,792**

Save as discussed above, as of November 30, 2025, the most recent practicable date for determining our indebtedness, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which were either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities. Our Directors also confirm that there had not been any material change in our indebtedness since November 30, 2025 and up to the date of this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there were no material covenants on any of our outstanding debts which could significantly limit our ability to undertake additional debt or equity financing, nor was there any breach of covenants. Our Directors further confirm that we did not experience difficulty in obtaining borrowings, default in repayment of borrowings or lessors during the Track Record Period and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

During the Track Record Period, our capital expenditures primarily related to our payment for the purchase of property, plant and equipment and intangible assets. In 2022, 2023, 2024 and the nine month ended September 30, 2025, our capital expenditures amounted to RMB47.4 million, RMB107.7 million, RMB46.2 million and RMB143.7 million, respectively. These purchases were primarily for our R&D activities. We intend to fund our future capital expenditure requirements with net proceeds from the Global Offering, our cash and cash equivalents, and, if necessary, bank borrowings.

CAPITAL COMMITMENTS

Our capital commitments at the end of each year/period during the Track Record Period primarily related to contracted but not provided commitments for purchase of right-of-use assets. As of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, our capital commitments amounted to RMB10.3 million, RMB13.2 million, RMB14.0 million, RMB140.7 million and RMB153.2 million, respectively.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024, September 30, 2025 and November 30, 2025, we did not have any material contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities since November 30, 2025 to the date of this prospectus.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. See note 34 of the Accountants' Report included in Appendix I to this prospectus for a detailed information of transactions with related parties. Our Directors confirm that all related party transactions during the Track Record Period were conducted on an arm's-length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

The following table sets forth outstanding balances with related parties as of the dates indicated.

	As at December 31,			As of September 30,
	2022	2023	2024	2025
	(RMB'000)			
Trade receivables:				
- Gettop Acoustic	—	—	1,705	902
Advances to a related party:				
- Shanghai Jinling	—	250	250	250
Advance from a related party				
- Mr. Liu Jianwei	—	3,548	3,448	3,448

Note:

(i) Advance from/to a related party are unsecured and interest-free and non-trade nature as December 31, 2023 and 2024, and September 30, 2025.

The advances from a related party represented amounts of borrowings to be repaid to Mr. Liu, our Director. The advances to a related party represented amounts of borrowings to be repaid from Shanghai Jinling, which is controlled by Dr. QIU and one of our Single Largest Group of Shareholders. All of such borrowings will be settled prior to Listing.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratios as of the dates or for the years/period indicated.

	As of/For the year ended December 31,			As of/For the nine months ended September 30,
	2022	2023	2024	2025
Current ratio(1)	0.4	0.2	0.3	0.2
Quick ratio(2)	0.4	0.2	0.2	0.1
Revenue growth(3)	195.6%	358.1%	105.5%	5.8%

Notes:

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

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

(3) Revenue growth refers to the increase rate in revenue compared to the previous year/period.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market and other financial risks, including credit risk, liquidity risk, interest rate risk and currency risk. We manage and monitor these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables. To manage risk from trade receivables, we have policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. We have no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We measure loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix and individually determined to be impaired. For further details and an analysis of the credit quality based on our credit policy and the maximum exposure to credit risk at the end of each year/period during the Track Record Period, see note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

Liquidity Risk

Our policy is to regularly monitor our liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term. For further details and an analysis of the maturity profile of our financial liabilities at the end of each year/period during the Track Record Period based on contractual undiscounted cash flows and the earliest date we can be required to pay, see note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from time deposits, cash at bank and interest-bearing borrowings. Our interest-bearing financial instruments at fixed interest rates at the end of each year during the Track Record Period were borrowings. Our interest-bearing financial instruments at variable interest rates at the end of each year during the Track Record Period were cash and cash equivalents, and the change of market interest rate did not expose us to significant interest rate risk. Overall, our exposure to interest rate risk is not significant.

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY. To manage such risks, we closely monitor exchange rate movements and may implement measures as appropriate. For instance, in the first half of 2025, we entered into a forward foreign exchange contract to lock in a favorable USD exchange rate during periods of significant appreciation, thereby mitigating potential exchange losses. The adoption of forward foreign exchange contract is undertaken on an as-needed basis, to manage the currency risk instead of serving as a long-term or ongoing hedging strategy. During the Track Record Period, we did not experience any material impact on our operations resulting from fluctuation in exchange rates. However, our management monitors our foreign currency risk exposure and will review and adjust our hedging measures in accordance with our needs. For further details and an analysis of the sensitivity at the end of each year during the Track Record Period to a reasonably possible change in the USD and JPY exchange rates, with all other variables held constant, of our profit after tax (and retained profits), see note 32 to the Accountants' Report as set out in Appendix I to this prospectus.

FINANCIAL INFORMATION OF HUATU

This following is a discussion of Huatu's results of operations for (i) the year ended December 31, 2022, and (ii) the period from January 1, 2023 to October 31, 2023, the acquisition date.

Description of Selected Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income of Huatu

The table below sets forth the consolidated statements of profit or loss and other comprehensive income of Huatu from January 1, 2022 to October 31, 2023 disclosed in the note 35 to the Accountants' Report as set out in Appendix I to this prospectus.

	For the year ended December 31, 2022	For the ten months ended October 31, 2023
	(RMB'000)	
Revenue	**480,271**	**219,157**
Cost of sales	(358,774)	(185,713)
Gross profit	**121,497**	**33,444**
Other income	18,073	36,906
Other net (losses)/gains	(2,934)	63
Sales and marketing expenses	(9,589)	(5,395)
General and administrative expenses	(32,264)	(19,446)
Research and development expenses	(149,140)	(117,329)
Expected credit (losses)/reversal on financial assets	(3,044)	60
Loss from operations	(57,401)	(71,697)
Finance income	343	440
Finance costs	(6,128)	(5,300)
Net finance costs	(5,785)	(4,860)
Loss before taxation	**(63,186)**	**(76,557)**
Income tax	—	—
Loss and total comprehensive income for the year/period	**(63,186)**	**(76,557)**

Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income of Huatu

Revenue

Huatu's revenue was primarily derived from sales of its on-device computing SoCs. The following table sets forth the revenue breakdown of Huatu for the periods indicated:

	For the year ended December 31, 2022	For the ten months ended October 31, 2023
	(RMB'000)	
Products	478,327	217,436
Technical service and others	1,944	1,721
Total	**480,271**	**219,157**

Huatu's revenue decreased from RMB480.3 million for the year ended December 31, 2022 to RMB219.2 million for the ten months ended October 31, 2023, primarily because it generally generated higher revenue in the fourth quarter of each year to meet year-end market demand and customer stockpiling needs.

Cost of Sales

Huatu's cost of sales decreased from RMB358.8 million for the year ended December 31, 2022 to RMB185.7 million for the ten months ended October 31, 2023, which was associated with the revenue trend.

Gross Profit and Gross Profit Margin

Huatu's gross profit decreased from RMB121.5 million for the year ended December 31, 2022 to RMB33.4 million for the ten months ended October 31, 2023, primarily in line with the decrease in revenue. Its overall gross profit margin decreased from 25.3% for the year ended December 31, 2022 to 15.3% for the ten months ended October 31, 2023, primarily as a result of its product mix and pricing strategy in response to intensified market competition.

Other Income

Huatu's other income primarily consisted of government grants. Huatu's other income increased from RMB18.1 million for the year ended December 31, 2022 to RMB36.9 million for the ten months ended October 31, 2023, primarily due to an increase of RMB18.4 million in government grants in relation to its R&D activities.

Other Net (Losses)/Gains

Huatu's other net (losses)/gains consisted of net losses or gains on disposal of property, plant and equipment and right-of use assets, and net foreign exchange losses or gains. Huatu recorded other net losses of RMB2.9 million for the year ended December 31, 2022, and other net gains of RMB63 thousand for the ten months ended October 31, 2023. Such change was primarily due to a shift from net foreign exchange losses in 2022 to net foreign exchange gains for the ten months ended October 31, 2023, as a result of the fluctuation of foreign exchange rate.

Sales and Marketing Expenses

Huatu's sales and marketing expenses primarily consisted of employee compensation expenses, office and travel expenses, and rental. For the year ended December 31, 2022 and the ten months ended October 31, 2023, the sales and marketing expenses of Huatu amounted to RMB9.6 million and RMB5.4 million, respectively, primarily because Huatu generally had more sales and marketing activities in the fourth quarter of each year in line with market needs.

General and Administrative Expenses

Huatu's general and administrative expenses primarily consisted of employee compensation expenses, office and travel expenses, and rental. Huatu's general and administrative expenses decreased from RMB32.3 million for the year ended December 31, 2022 to RMB19.4 million for the ten months ended October 31, 2023, primarily due to the optimization of Huatu's general and administrative function.

Research and Development Expenses

Huatu's research and development expenses primarily consisted of employee compensation expenses, depreciation and amortization and material consumption. Huatu's research and development expenses decreased from RMB149.1 million for the year ended December 31, 2022 to RMB117.3 million for the ten months ended October 31, 2023, primarily due to the optimization of Huatu's research and development function.

Expected Credit (Losses)/Reversal on Financial Assets

Huatu's expected credit losses or reversal on financial assets primarily represented provisions and reversal made for expected credit losses on trade receivables. Huatu recorded expected credit losses on financial assets of RMB3.0 million for the year ended December 31, 2022 and expected credit reversal on financial assets of RMB60 thousand for the ten months ended October 31, 2023.

Net Finance Costs

Huatu's finance income consisted of interest income and its finance costs consisted of interest expenses on bank loans, payables for acquisition of subsidiaries and lease liabilities. Huatu recorded net finance costs of RMB5.8 million for the year ended December 31, 2022 and RMB4.9 million for the ten months ended October 31, 2023.

Loss and Total Comprehensive Income for the Periods

As a result of the foregoing, Huatu recorded loss for the year/period of RMB63.2 million and RMB76.6 million for the year ended December 31, 2022 and the ten months ended October 31, 2023, respectively.

Discussion of Key Items of Consolidated Statements of Financial Position of Huatu

The following table sets forth a summary of Huatu's consolidated statements of financial position as of the dates indicated:

	As of December 31, 2022	As of October 31, 2023
	(RMB'000)	
Non-current assets		
Property, plant and equipment	12,106	7,795
Right-of-use assets	4,274	1,148
Intangible assets	58,773	48,185
Prepayments and other receivables	6,930	7,102
	82,083	**64,230**
Current assets		
Inventories	145,553	131,672
Prepayments and other receivables	25,666	28,586
Trade receivables	146,795	27,545
Cash and cash equivalents	38,274	92,841
	356,288	**280,644**
Current liabilities		
Trade and bill payables	61,655	33,379
Other payables and accruals	113,255	102,748
Bank loans	129,403	148,953
Contract liabilities	6,724	11,176
Lease liabilities	3,906	—
	314,943	**296,256**

	As of December 31, 2022	As of October 31, 2023
	(RMB'000)	
Net current assets/(liabilities)	**41,345**	**(15,612)**
Total assets less current liabilities	**123,428**	**48,618**
Non-current liabilities		
Lease liabilities	70	—
Net assets	**123,358**	**48,618**

Intangible Assets

Huatu's intangible assets consisted of IP license, patent and software. As of December 31, 2022 and October 31, 2023, Huatu recorded intangible assets of RMB58.8 million and RMB48.2 million, respectively. Such decrease was primarily due to the amortization of intangible assets during daily operation.

Inventories

Huatu's inventories consisted of raw materials, semi-finished products and work in progress, and finished products. As of December 31, 2022 and October 31, 2023, Huatu recorded inventories of RMB145.6 million and RMB131.7 million, respectively. Such decrease was primarily due to a decrease of RMB27.6 million in raw materials and a decrease of RMB27.4 million in semi-finished products and work in progress, partially offset by an increase of RMB41.2 million in finished products, primarily because Huatu generally procured more raw materials and delivered more finished products at the year end in line with the market needs.

Prepayments and Other Receivables

Huatu's non-current portion of prepayments and other receivables primarily consisted of prepayments for long-term assets and financial assets measured at amortized cost. It remained relatively stable at RMB6.9 million as of December 31, 2022 and RMB7.1 million as of October 31, 2023.

Huatu's current portion of prepayments and other receivables primarily consisted of prepayments, financial assets measured at amortized cost and value-added tax recoverable. It increased from RMB25.7 million as of December 31, 2022 to RMB28.6 million as of October 31, 2023, primarily due to an increase of RMB3.2 million in prepayments associated with prepayments for raw material made in anticipation of higher fourth-quarter production requirements.

Trade Receivables

Huatu's trade receivables primarily represented outstanding amounts due from its customers. The typical credit term granted to Huatu was up to 120 days. All of Huatu's trade receivables were aged less than one year. The trade receivables of Huatu decreased from RMB146.8 million as of December 31, 2022 to RMB27.5 million as of October 31, 2023, primarily attributable to higher market needs for Huatu's products at the year end.

Cash and Cash Equivalents

Huatu's cash and cash equivalents represented cash at bank. It increased from RMB38.3 million as of December 31, 2022 to RMB92.8 million as of October 31, 2023, primarily due to more cash generated from its operations and more bank loan to support Huatu's business expansion.

Trade and Bill Payables

Huatu's trade and bill payables primarily represented outstanding amounts due to its suppliers, which primarily provided processing, packaging and testing services. Suppliers typically granted Huatu a credit term ranging from 60 days to 90 days. It decreased from RMB61.7 million as of December 31, 2022 to RMB33.4 million as of October 31, 2023, primarily due to higher demand for processing, packaging and testing services by Huatu near year end.

Other Payables and Accruals

Huatu's other payables and accruals primarily consisted of (i) consideration payable related to the acquisition of Beijing Taihe, which was fully settled on April 19, 2024; (ii) restricted shares repurchase obligations associated with the purchase of restricted shares by certain employees; (iii) accrued payroll and other benefits; (iv) other tax payables; and (v) amounts due to related parties.

Huatu's other payables and accruals decreased from RMB113.3 million as of December 31, 2022 to RMB102.7 million as of October 31, 2023, primarily due to a decrease of RMB11.8 million in accrued payroll and other benefits as a result of payment of year end compensations.

Bank Loans

Huatu had bank loans of RMB129.4 million as of December 31, 2022 and RMB149.0 million as of October 31, 2023, respectively, with bearing interest rates ranging from 2.58% to 4.00%. Huatu's borrowings were primarily used to finance its operations mainly including R&D and manufacturing of on-device computing SoCs. All of such borrowings were due within one year.

Discussion of Key Items of Cash Flow of Huatu

The following table sets forth a summary of Huatu's statements of cash flow for the periods indicated:

	For the year ended December 31,	For the ten months ended October 31,
	2022	2023
	(RMB'000)	
Net cash (used in)/generated from operating activities	(113,531)	58,186
Net cash used in investing activities	(114,848)	(14,248)
Net cash generated from financing activities	119,369	11,200
Net (decrease)/increase in cash and cash equivalents	(109,010)	55,138
Cash and cash equivalents at beginning of the year/period	147,035	38,274
Effect of foreign exchange rate changes	249	(571)
Cash and cash equivalents at end of the year/period	38,274	92,841

Operating Activities

For the ten months ended October 31, 2023, Huatu's net cash generated from operating activities was RMB58.2 million, which was primarily attributable to Huatu's loss before taxation of RMB76.6 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included decrease of trade receivables of RMB119.3 million; and (ii) negative adjustments, which primarily included increase of trade payables of RMB28.3 million.

In 2022, Huatu's net cash used in operating activities was RMB113.5 million, which was primarily attributable to Huatu's loss before taxation of RMB63.2 million as adjusted by certain non-cash and working capital items, including (i) positive adjustments, which primarily included decrease of prepayments, deposits and other assets of RMB58.8 million, decrease of trade payables of RMB25.3 million, write-down of inventories of RMB22.6 million and amortization of intangible assets of RMB18.1 million; and (ii) negative adjustments, which primarily included increase of trade receivables of RMB149.8 million, increase in inventories of RMB43.3 million and increase in contract liabilities of RMB20.4 million.

Investing Activities

For the ten months ended October 31, 2023, Huatu's net cash used in investing activities was RMB14.2 million, primarily attributable to payment for the purchase of property, plant and equipment and intangible assets of RMB11.2 million.

In 2022, Huatu's net cash used in investing activities was RMB114.8 million, primarily attributable to (i) payments for acquisition of subsidiaries of RMB84.0 million; and (ii) payment for the purchase of property, plant and equipment and intangible assets of RMB30.9 million.

Financing Activities

For the ten months ended October 31, 2023, Huatu's net cash generated from financing activities was RMB11.2 million, primarily attributable to proceeds from bank loans of RMB144.3 million, partially offset by repayment of bank loans of RMB124.9 million.

In 2022, Huatu's net cash generated from financing activities was RMB119.4 million, primarily attributable to proceeds from bank loans of RMB171.2 million, partially offset by repayment of bank loans of RMB44.8 million.

LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2025

Our Directors estimate, on the bases set out in Appendix IIA to this prospectus, and in the absence of unforeseen circumstances, the estimated consolidated loss attributable to equity shareholders of our Company for the year ended December 31, 2025 as follows:

Estimated consolidated loss attributable to equity shareholders of our Company for the year ended December 31, 2025(1)	Not more than RMB1,151.1 million

Note:

(1) The basis on which the above estimate has been prepared is set out in Appendix IIA to this prospectus.

DIVIDENDS

We did not declare or pay dividends on our Shares during the Track Record Period. We also do not have any dividend policy in place or pre-determined dividend payout ratio. We currently expect to retain all future earnings for use in operation and expansion of our business, and do not intend to pay any dividends in the foreseeable future. The declaration and payment of any dividends in the future will be subject to the approval of our Shareholders in a shareholder's meeting, our Articles of Association and the PRC Company Law, and will depend on a number of factors, including the commercialization of our products as well as our earnings, capital requirements, overall financial condition and contractual restrictions. Pursuant to applicable PRC laws and regulations and as confirmed by our PRC Legal Advisors, any future net profit that we make will have to be applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. We will therefore only be able to declare dividends after (i) all our historically accumulated losses have been made up for; and (ii) we have allocated sufficient profit to our statutory common reserve fund as described above. In light of our accumulated losses as disclosed in this prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future.

DISTRIBUTABLE RESERVES

As of September 30, 2025, we did not have any reserves available for distribution to our Shareholders.

LISTING EXPENSES

Listing expenses to be borne by us are estimated to be approximately HK$168.5 million based on an Offer Price of HK$28.20 per Share, representing approximately 6.0% of the estimated net proceeds from the Global Offering assuming no Shares are issued pursuant to the Over-allotment Option. The listing expenses consist of (i) underwriting-related expenses, including underwriting commission, of approximately HK$109.6 million; and (ii) non-underwriting-related expenses of approximately HK$58.9 million, comprising (a) fees and expenses of our legal advisors and reporting accountants of approximately HK$34.6 million, and (b) other fees and expenses of approximately HK$24.3 million. During the Track Record Period, the listing expenses charged to our consolidated statements of profit of loss were RMB21.3 million (equivalent to approximately HK$23.7 million). After the Track Record Period, approximately HK$33.0 million is expected to be charged to our consolidated statements of profit or loss, and approximately HK$111.8 million is expected to be accounted for as a deduction from equity upon the Listing. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma statement of our Group's adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to equity Shareholders of our Company as of September 30, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of our adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our financial position had the Global Offering been completed as of September 30, 2025 or on any future date.

For details, see "Appendix II — Unaudited Pro Forma Financial Information" to this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

We anticipate that we will continue to incur loss for the year ended December 31, 2025, primarily due to the expected substantial research and development expenses.

No Material Adverse Change

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since September 30, 2025, being the latest balance sheet date of our consolidated financial statements in the Accountants' Report as set out in Appendix I to this prospectus, and up to the date of this prospectus.

IMPACT OF COVID-19 PANDEMIC

Despite the macroeconomic challenges posed by the COVID-19 pandemic, our business operations and financial condition remained stable during the Track Record Period and were not materially and adversely impacted by the COVID-19 pandemic.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of approximately US$185.00 million (or approximately HK$1,442.63 million, calculated based on an exchange rate of US$1.00 to HK$7.7980) (exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$28.20 per Offer Share, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 51,156,300 Offer Shares, representing (i) approximately 48.76% of the Offer Shares pursuant to the Global Offering and approximately 8.70% of the total issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised); or (ii) approximately 42.40% of the Offer Shares pursuant to the Global Offering and approximately 8.48% of the total issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is exercised in full).

We believe that the Cornerstone Placing signifies our Cornerstone Investors' confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. We became acquainted with each of the Cornerstone Investors through introduction by the Overall Coordinators of the Global Offering.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

Among the Cornerstone Investors, (i) WILL semiconductor Limited is a subsidiary of OmniVision Integrated Circuits Group, Inc., where one of our existing Shareholders, Mr. YU Renrong (虞仁榮) (holding 1.12% of the total issued Shares as of the Latest Practicable Date), holds more than 30% voting rights, and thus WILL semiconductor Limited is a close associate of our existing Shareholder and (ii) JSC International Investment Fund SPC is an entity where each of Ningbo Municipal People's Government and Ningbo Zhenhai District State-owned Assets Management Service Center ("**Zhenhai Assets Management Center**") indirectly holds 49.77% interest and thus for the purpose of the Cornerstone Placing, JSC International Investment Fund SPC is considered as a close associate of our existing Shareholders which are ultimately controlled by government or state-owned authorities within Zhejiang Province (each not a substantial Shareholder) including Ningbo Zhenhai Weiyuan Zhenxin Phase I Semiconductor Industry Investment Partnership (Limited Partnership) (holding 3.17% of the total issued Shares as of the Latest

Practicable Date) which is ultimately controlled by Zhenhai Assets Management Center, Ningbo Tongshang Venture Investment Partnership (Limited Partnership) (寧波通商創業投資合夥企業 (有限合夥)) (holding 1.18% of the total issued Shares as of the Latest Practicable Date) , which is ultimately controlled by Ningbo Municipal State-owned Assets Supervision and Administration Commission (寧波市人民政府國有資產監督管理委員會) and Hangzhou Caitong Hengxin Venture Investment Partnership (Limited Partnership) (杭州財通恒芯創業投資合夥企業 (有限合夥)) (holding 0.23%% of the total issued Shares as of the Latest Practicable Date), which is ultimately controlled by Zhejiang Provincial Department of Finance (浙江省財政廳). We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 10.04 of, and consent under Paragraph 1C (2) of Appendix F1 to, the Listing Rules in relation to the subscription of the Offer Shares as Cornerstone Investors by WILL semiconductor Limited and JSC International Investment Fund SPC. Please refer to the section headed "Waivers and Exemption —Waiver under Rule 10.04 and Consent under Paragraph 1C(2) of Appendix F1 to the Listing Rules in respect of Subscriptions of Offer Shares by Existing Shareholders and/or its Close Associates as Cornerstone Investors" for further details. To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party; (ii) none of the Cornerstone Investors (save for WILL semiconductor Limited and JSC International Investment Fund SPC) is accustomed to taking instructions from our Company, the Directors, chief executive, Supervisors, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of H Shares registered in its name or otherwise held by it; (iii) save for WILL semiconductor Limited and JSC International Investment Fund SPC, none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is directly or indirectly financed by our Company, the Directors, chief executive, Supervisors, our Controlling Shareholders, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) each Cornerstone Investor will be utilizing its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and it has sufficient funds to settle its respective investment under the Cornerstone Placing; and (v) each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's H Shares commence on the Stock Exchange. Some of the Cornerstone Investors have agreed that our Company, the Joint Sponsors and the Overall Coordinators may in their sole discretion defer the delivery of all or part of the Offer Shares it will subscribe to on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, (i) there would be delayed delivery of Offer Shares to some of the Cornerstone Investors based on commercial negotiations with the Cornerstone Investors, (ii) the delayed delivery date should be no later than three business days following the last day on which the Over-allotment Option may be exercised, (iii) no extra payment will be made to the relevant Cornerstone Investors for the purpose of the delayed delivery arrangement, and (iv) each of the Cornerstone Investors has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will not be any deferred settlement in payment by the Cornerstone Investors.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Monday, February 9, 2026.

OUR CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing, assuming the Offer Price of HK$28.20, set out in this prospectus:

			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
Cornerstone Investor	**Investment amount[(1)]**	**Number of Offer Shares[(2)]**	**Approximate % of the Offer Shares**	**Approximate % of the issued share capital**	**Approximate % of the Offer Shares**	**Approximate % of the issued share capital**
	(US$ in millions)					
WILL semiconductor Limited	35.00[(3)]	9,678,300	9.22%	1.65%	8.02%	1.60%
Xin Ma Apparel International Limited	35.00[(3)]	9,678,300	9.22%	1.65%	8.02%	1.60%
JSC International Investment Fund SPC	27.00[(3)]	7,466,100	7.12%	1.27%	6.19%	1.24%
NGS Super Pty Limited	20.00	5,530,400	5.27%	0.94%	4.58%	0.92%
Desay SV Automotive Singapore Pte. Ltd.	10.00	2,765,200	2.64%	0.47%	2.29%	0.46%
Factorial Master Fund	7.00	1,935,600	1.84%	0.33%	1.60%	0.32%
Hel Ved Master Fund	7.00	1,935,600	1.84%	0.33%	1.60%	0.32%
Valliance Asset Management Limited	7.00	1,935,600	1.84%	0.33%	1.60%	0.32%
Alphahill Capital Limited	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
Joyson Electronics Holdings Hong Kong Limited	5.00[(3)]	1,382,600	1.32%	0.24%	1.15%	0.23%
Jupiter Global Master Fund Ltd.	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS)	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
Longhorn and CICC Financial Trading Limited (in connection with Longhorn OTC Swaps)	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
NonaVerse (Hong Kong) Limited	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
Qingdao Guanlan and Guotai Junan Investments (Hong Kong) Limited (in connection with Guanlan OTC Swaps)	5.00	1,382,600	1.32%	0.24%	1.15%	0.23%
Jinyi Capital Multi-Strategy Fund SPC Ltd.	2.00	553,000	0.53%	0.09%	0.46%	0.09%
Total	**185.00**	**51,156,300**	**48.76%**	**8.70%**	**42.40%**	**8.48%**

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy. Calculated based on an exchange rate of US$1.00 to HK$7.7980. The actual investment amount is denominated in Hong Kong dollars.

(2) Rounded down to the nearest whole board lot of 100 H Shares. The exact number of H Shares to be subscribed by the Cornerstone Investors will be subject to the exchange rate as prescribed in the relevant cornerstone investment agreement.

(3) Calculated based on an exchange rate of US$1.00: HK$7.7980. The actual investment amount is invested in HKD.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

WILL semiconductor Limited

WILL semiconductor Limited (韋爾半導體香港有限公司) ("**OmniVision HK**") is a limited liability company incorporated under the laws of Hong Kong in 2008 principally engaged in the business of semiconductor design and sales. OmniVision HK is a wholly-owned subsidiary of OmniVision Integrated Circuits Group, Inc. ("**OmniVision**"), a company listed on the Shanghai Stock Exchange (stock code: 603501) and the Stock Exchange (stock code: 0501). OmniVision is the third largest digital image sensor providers globally, with a diversified portfolio of products and solutions, a flexible fabless business model, and an extensive customer network and supply chain ecosystem. It serves a wide range of high-growth verticals such as smartphone, automobile, medical, surveillance and emerging markets such as machine vision, smart glasses and Edge AI.

Xin Ma Apparel International Limited

Xin Ma Apparel International Limited (新馬服裝國際有限公司) ("**Xin Ma**"), is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Youngor Fashion Co. Ltd. (雅戈爾時尚股份有限公司) ("**Youngor**"), a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange (Stock Code: 600177), an Independent Third Party. Youngor is the leading enterprise of the national textile and apparel industry and has always adhered to the concept of value investment, actively maximizing the advantages of industrial capital, patiently cultivating the invested enterprises, and growing together with them. While focusing on its core businesses and optimizing its strategic layout, Youngor also actively explores investment opportunities in emerging industries.

JSC International Investment Fund SPC

JSC International Investment Fund SPC (acting for and on behalf of its sub-fund, Yongxin II SP) is indirectly held by JSC Yongxin II (Beijing) Equity Investment Fund (璟泉甬欣鎮芯二期(北京)股權投資基金合夥企業(有限合夥)) ("**Yongxin Zhenxin Phase II**"). All beneficial interests of Yongxin II SP are owned by Yongxin Zhenxin Phase II. Yongxin Zhenxin Phase II is owned as to: (i) approximately 49.77% by Ningbo Yongxin Fund Partnership (Limited Partnership) (寧波市甬欣基金合夥企業(有限合夥)) as a limited partner, which is ultimately held mainly by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal People's Government (寧波市人民政府國有資產監督管理委員會); (ii) approximately 49.77% by Ningbo Zhenhai Industrial Investment Development Co., Ltd. (寧波市鎮海產業投資發展有限公司) as a limited partner, which is ultimately controlled mainly by the Ningbo Zhenhai District State-owned Assets Management Service Center (寧波市鎮海區國有資產管理服務中心); and (iii) approximately 0.47% by Jingquan Shancheng Management Consulting (Beijing) Co., Ltd. (璟泉善誠管理諮詢(北京)有限公司) (wholly owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government (北京市人民政府國有資產監督管理委員會)) as a general partner.

NGS Super Pty Limited

NGS Super Pty Limited, a company incorporated in Australia, is the trustee of NGS Super ("**Fund**"). The Fund is a superannuation fund for education and community-based professionals. The Fund's principal continuing activities providing member with lump sum or pension benefits upon retirement, termination of service, death or disablement. There is no member that holds 30% or more interest in the Fund or NGS Super Pty Limited.

Desay SV Automotive Singapore Pte. Ltd.

Desay SV Automotive Singapore Pte. Ltd. is a wholly owned subsidiary of Huizhou Desay SV Automotive Co., Ltd. (惠州市德賽西威汽車電子股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002920) ("**Desay SV**"), an Independent Third Party. Desay SV is one of the leading mobility technology companies and its core business focuses on the full-stack integration of the three major areas of intelligent cabin, intelligent driving and connect services.

Factorial Master Fund

Factorial Master Fund ("**FMF**") is managed by Factorial Management Limited ("**FML**") in its capacity as the investment manager on a discretionary basis. FML is domiciled in Hong Kong and is licensed by the SFC for the regulated activity of asset management (Type 9 license). FML is wholly owned by its founder and chief investment officer, Mr. Barun Agarwal, an Independent Third Party. Save for Mr. Barun Agarwal, no other ultimate beneficial owner of each of FMF and FML holds 10% or more of beneficial interest.

Hel Ved Master Fund

Hel Ved Master Fund ("**HVMF**") is an exempted company incorporated in the Cayman Islands and registered with the Cayman Islands Monetary Authority since 2020. It is managed by Hel Ved Capital Management Limited, a company incorporated in Hong Kong and licensed by the Securities and Futures Commission of Hong Kong to carry on type 4 (advising on securities) and type 9 (asset management) regulated activity. Mr. Yunmin Chai (柴允敏) is the founder, chief investment officer and ultimate beneficial owner of Hel Ved Capital Management Limited. Mr. Yunmin Chai is an Independent Third Party to the Company. HVMF's investment objective is to preserve capital and seek risk adjusted absolute returns, through investing primarily in Asia driven technology, media, communications and consumer discretionary companies, and selectively in companies adopting technology in other sectors. The Fund has professional investors including private banks, global family offices, funds of funds, foundations and high net worth individuals. There is no single investor who holds 30% or more in HVMF from a beneficial ownership perspective.

Valliance Asset Management Limited

Established on May 4, 2023, Valliance Long Short Master Fund (the "**Fund**") is an exempted company established under the laws of the Cayman Islands. Valliance Asset Management Limited is the manager of Valliance Long Short Master Fund. The ultimate beneficial owner of Valliance Asset Management Limited is Lin Li, an Independent Third Party. Save for Zoltan Varga, an individual Independent Third Party, no other single ultimate beneficial owner holds 30% or more in the Fund.

The primary objective of the Fund is to invest in digital infrastructure as the world evolves into an AI-enabled ecosystem. The Fund aims to provide an attractive long-term rate of return on an absolute basis, with an emphasis on growth. The Fund focuses on semiconductor companies in Asia and globally as semiconductors are the building blocks of the future digital infrastructure for the world. The Funds underlying investors are financial institutions, family offices, high net-worth individuals and employees of Valliance.

Alphahill Capital Limited

Alphahill Capital Limited ("**Alphahill Capital**"), on a discretionary basis, acting for and on behalf of Alphahill Future Fund, Manifold Master Fund and York House Investment I Limited in the capacity as the investment manager, is a licensed corporation incorporated in Hong Kong and wholly owned by Mr. Jiang Siliang (姜思亮), an Independent Third Party. It is regulated by the SFC and holds licences for type 4 (advising on securities) and type 9 (asset management) regulated activities. The principal business of Alphahill Capital is asset management.

Alphahill Capital has sole discretion over the investment decision in the investment funds. Alphahill Future Fund has a total of 10 limited partners, and is held approximately 39% by Maverick Asia Limited ("**Maverick**") and 31% by Mr. Lai Shenjun (賴沈鈞). Save for Maverick and Mr. Lai Shenjun, no other person holds 30% or more interest of Alphahill Future Fund. The ultimate beneficial owner of Maverick is Wang Xinting, an Independent Third Party, who holds 50% interest of Maverick and no other person holds 30% or more interest of Maverick. There are 18 limited partners in Manifold Master Fund, none of which holds 30% or more interest. York House Investment I Limited is wholly owned by Mr. Leung Chi Kit.

Joyson Electronics Holdings Hong Kong Limited

Joyson Electronics Holdings Hong Kong Limited is a Hong Kong subsidiary wholly owned by Ningbo Joyson Electronic Corp. (寧波均勝電子股份有限公司) ("**Joyson Electronics**"), a joint stock company listed on the Shanghai Stock Exchange (stock code: 600699) and the Stock Exchange (stock code: 0699). Joyson Electronics is a provider of intelligent automotive technology solutions, offering advanced products and solutions in key areas of the automotive components industry, including automotive electronics and automotive safety.

Jupiter Global Master Fund Ltd.

Jupiter Global Master Fund Ltd. ("**Jupiter Global**") was incorporated in the Cayman Islands as an exempted company with limited liability on August 2, 2024. Jupiter Global is wholly owned by Jupiter Research Capital Ltd. Jupiter Research Capital Ltd. is owned as to 50% and 50% by Reverside Consulting Limited and Overture Limited. Reverside Consulting Limited is wholly owned by QIU Huiming (裘慧明), an Independent Third Party. Overture Limited is wholly owned by XIE Huanyu (解環宇), an Independent Third Party. The investment manager of Jupiter Global is Jupiter Research Capital (Asia) Limited. Jupiter Research Capital (Asia) Limited is wholly owned by Jupiter Research Capital Ltd.

GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS)

GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS, "**GRANITE ASIA**"), a variable capital company incorporated in Singapore, acting solely for the account of and on behalf of its sub-fund, GX Access. GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS) is wholly owned by GraniteX Access Fund I VCC, and is managed/advised by Granite Asia Capital PTE. LTD. No other single ultimate beneficial owner holds 30% or more in the GX ACCESS.

Granite Asia Capital PTE. LTD holds the sole management share of GraniteX Access Fund I VCC and is ultimately owned by Mr. Ji-Xun Foo and Ms. Lee Hong Wei Jenny.

Longhorn and CICC Financial Trading Limited (in connection with Longhorn OTC Swaps)

CICC Financial Trading Limited ("**CICC FT**") and China International Capital Corporation Limited will enter into a series of cross border over-the-counter swap transactions (collectively, the "**Longhorn OTC Swaps**") with each other and the ultimate client, namely Longhorn Technology Group Co., Ltd. (深圳市豪恩科技集團股份有限公司), (the "**TRS Ultimate Client (Longhorn)**"), pursuant to which CICC FT will hold the Offer Shares on a non-discretionary basis to hedge the Longhorn OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the TRS Ultimate Client (Longhorn), subject to customary fees and commissions. The Longhorn OTC Swaps will be fully funded by the TRS Ultimate Client (Longhorn). During the terms of the Longhorn OTC Swaps, all economic returns of the Offer Shares subscribed by CICC FT will be passed to the TRS Ultimate Client (Longhorn) and all economic loss shall be borne by the TRS Ultimate Client (Longhorn) through the Longhorn OTC Swaps, and CICC FT will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Longhorn OTC Swaps are linked to the Offer Shares and the TRS Ultimate Client (Longhorn) may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into between CICC FT and the Company and ending on the date which is six months from the Listing Date, request to early terminate the Longhorn OTC Swaps at their own discretion, upon which CICC FT may dispose of the Offer Shares and settle the Longhorn OTC Swaps in cash in accordance with the terms and conditions of the Longhorn OTC Swaps. Despite that CICC FT will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Longhorn OTC Swaps according to its internal policy. To the best of CICC FT's knowledge having made all reasonable inquiries, each of the TRS Ultimate Client (Longhorn) is an independent third party of CICC FT, China International Capital Corporation Hong Kong Securities Limited ("**CICCHKS**") and the companies which are members of the same group of CICCHKS.

CICC FT is a wholly-owned subsidiary of China International Capital Corporation Limited, of which its shares are listed on the Shanghai Stock Exchange (stock code: 601995) and the Stock Exchange (stock code: 3908). CICC FT is a connected client (as defined under Appendix F1 to the Listing Rules) of CICCHKS, holding securities on a non-discretionary basis on behalf of independent third parties. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1C (1) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to CICC FT. See "Waivers and Exemption — Consent in respect of the Proposed Subscription of H Shares by certain Cornerstone Investors Who are Connected Clients."

The TRS Ultimate Client (Longhorn) was founded in 1995. It is a technology group company committed to providing comprehensive solutions for global top-tier customers through innovative technology, intelligent products, and high-quality services. The TRS Ultimate Client (Longhorn) is held as to approximately 99.026% and 0.974% by CHEN Qingfeng (陳清鋒) and ZHU Zhengchang (朱政昌), each an Independent Third Party.

NonaVerse (Hong Kong) Limited

NonaVerse (Hong Kong) Limited ("**NonaVerse**") is a company incorporated in Hong Kong with limited liability and licensed by the SFC to carry out Type 9 (asset management) regulated activity, which is wholly owned by Guo Yirui (郭奕銳), an individual Independent Third Party. NonaVerse invests globally with an Asia investment viewpoint, focusing on sectors including consumer goods, technology, and AI across the US, China, Japan, and both developed and emerging markets. NonaVerse deploys an investment approach based on deep fundamental analysis with a partnership framework, to identify opportunities with disruptive innovation and long-term structural trends. NonaVerse was founded in 2023 and has a physical presence across Asia including Hong Kong, Shanghai, Japan and Taiwan.

NonaVerse has entered into a cornerstone agreement in its capacity as the investment manager for and on behalf of NonaVerse Master Fund, Ltd, NonaVerse Concentration Fund, Ltd., NonaVerse Variable Fund, Ltd. Apart from Mr. Ye Guofu (葉國富), an individual Independent Third Party who holds more than 30% interest in NonaVerse Concentration Fund, Ltd. and NonaVerse Variable Fund, Ltd., no other single ultimate beneficial owner holds 30% or more interest in NonaVerse Master Fund, Ltd, NonaVerse Concentration Fund, Ltd., or NonaVerse Variable Fund, Ltd.

Qingdao Guanlan and Guotai Junan Investments (Hong Kong) Limited (in connection with Guanlan OTC Swaps)

Guotai Junan Investments (Hong Kong) Limited ("**GTJA Investment**") and Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) ("**GTHT Onshore Parent**") will enter into a series of cross border over-the-counter swap transaction (collectively, the "**Guanlan OTC Swaps**") with each other and the ultimate clients, namely Guanlan Investment Flexible Allocation No. 5 Private Equity Investment Fund (觀瀾投資靈活配置5號私募證券投資基金) (the "Guotai Haitong Ultimate Client (Guanlan)") managed by Qingdao Guanlan Investment Management Co., Ltd. (青島觀瀾投資管理有限公司) ("**Qingdao Guanlan**"), pursuant to which GTJA Investment will hold the Offer Shares on a non-discretionary basis to hedge the Guanlan OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the Guotai Haitong Ultimate Client (Guanlan), subject to customary fees and commissions.

The Guanlan OTC Swaps will be fully funded by the Guotai Haitong Ultimate Client (Guanlan). During the terms of the Guanlan OTC Swaps, all economic returns of the Offer Shares subscribed by GTJA Investment will be passed to the Guotai Haitong Ultimate Client (Guanlan) and all economic loss shall be borne by the Guotai Haitong Ultimate Client (Guanlan) through the Guanlan OTC Swaps. GTJA Investment will not take part in any economic return or bear any economic loss in relation to the Offer Shares.

The Guanlan OTC Swaps are linked to the Offer Shares. The Guotai Haitong Ultimate Client (Guanlan) may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into between GTJA Investment and the Company and ending on the date which is six months from the Listing Date, request to early terminate the Guanlan OTC Swaps at its own discretion, upon which GTJA Investment may dispose of the Offer Shares and settle the Guanlan OTC Swaps in cash in accordance with the terms and conditions of the Guanlan OTC Swaps.

Despite that GTJA Investment will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Guanlan OTC Swaps according to its internal policy.

GTJA Investment is a company incorporated in Hong Kong. Its principal business activity is trading and investment. It is indirectly wholly owned by Guotai Haitong Securities Co., Ltd., a leading securities company in the PRC, whose shares are listed on the Shanghai Stock Exchange (stock code: 601211) and the Stock Exchange (stock code: 2611). The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to GTJA Investment. See "Waivers and Exemption - Consent in respect of the Proposed Subscription of H Shares by Certain Cornerstone Investors Who Are Connected Clients."

To the best of GTJA Investment's knowledge, the Guotai Haitong Ultimate Client (Guanlan) is an Independent Third Party of GTJA Investment, GTHT Onshore Parent and the companies which are members of the same group of GTHT Onshore Parent. The Guotai Haitong Ultimate Client (Guanlan) is an investment fund managed by Qingdao Guanlan. Qingdao Guanlan's actual controller is ZHANG Yanfeng (張延豐), holding 97.5% interest, and is hold by another minority shareholder as to 2.5%. Both ZHANG Yanfeng and the minority shareholder are Independent Third Parties of GTHT Onshore Parent and its group companies. No single ultimate beneficial owner holds 30% or more interests in the Guotai Haitong Ultimate Client (Guanlan).

Jinyi Capital Multi-Strategy Fund SPC Ltd.

JinYi Capital Multi-Strategy Fund SPC Ltd. ("**JinYi Capital**") is a segregated portfolio company incorporated under the Companies Act of the Cayman Islands and is an exempted company with limited liability incorporated in the Cayman Islands. JinYi (Tianjin) Asset Management Co., Ltd. (進益 (天津)資產管理有限責任公司) is the investment manager of JinYi Capital and is ultimately controlled by Fan Xiang.

Save for Fan Xiang, an Independent Third Party, there is no other ultimate beneficial owner holding 30% or more interest in JinYi Capital. The funding of JinYi Capital Multi-Strategy Fund SPC Ltd. — Structured Credit SP Fund, which is participating in the Global Offering, are from Tsinghua University Education Foundation (清華大學教育基金會).

Tsinghua University Education Foundation was established in 1994 and is a national non-public fundraising foundation registered with and approved by the Ministry of Civil Affairs of the PRC, with the Ministry of Education of the PRC as its supervising authority. Tsinghua University Education Foundation was initiated by Tsinghua University, with its funding principally from social donations. Pursuant to the Interim Measures for the Administration of Preservation and Appreciation of Assets of Charitable Organizations (《慈善組織保值增值投資活動管理暫行辦法》) and other applicable regulations, the foundation may invest in financial products that comply with the relevant requirements for the purpose of preserving and enhancing the value of its assets and supporting the development of educational and charitable causes.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions (as the case may be):

(i) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the Offer Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective acknowledgements, representations, warranties, undertakings and confirmations of relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

FUTURE PLANS AND PROSPECTS

See "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,790.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, based on an Offer Price of HK$28.20 per Share and assuming that the Over-allotment Option is not exercised.

We currently intend to apply these net proceeds for the following purposes:

- Approximately 60.0%, or HK$1,674.1 million, will be used for investment in optimizing our existing technology platform mainly to make incremental improvements to our current products for enhanced performance and efficiency, and introducing new products in the next four years, of which:

  (i) 40.0%, or HK$1,116.0 million, will be allocated to optimizing our technology platform and strengthening our platform-based R&D team development. To continuously broaden the quantity and ranges of IP cores we possess, and realize the commercialization of our IP cores across various application scenarios, we plan to (a) use 35.0% of the net proceeds to increase investment in the development of IP cores and build robust platform-based R&D capabilities, including recruiting and retaining R&D personnel. In addition, we intend to continue incentivizing key R&D personnel who have made contributions to our core technologies, in order to maintain the stability and continuity of our R&D system; and (b) use 5.0% of the net proceeds to train and empower our R&D team to enhance their collaborative capabilities with the product, sales, and marketing departments. By continuously iterating our IP cores and supported by our technology platform, we plan to further expand the applications of our products in smart visual processing, smart vehicle chips, and edge computing scenarios. We will deepen the development of smart driving technology by advancing the mass production of automotive-grade high-performance chips through research and development, while strengthening perception fusion and functional safety certification.

  We plan to recruit leading engineers with multiple years of relevant experience. In particular, the recruitment plan includes (i) 18 chip SoC design engineers in Chinese mainland and two overseas, (ii) nine NPU IP design engineers in Chinese mainland and one overseas, (iii) 18 NPU toolchain development engineers in Chinese mainland and two overseas, (iv) ten software development engineers in Chinese mainland and two overseas, and (v) seven image algorithm engineers in Chinese mainland and one overseas. We expect to recruit these talents gradually, with 16, 20, 18, and 16 in each year over the next four years, respectively.

  (ii) 20.0%, or HK$558.1 million, will be allocated to acquiring R&D services and expanding our product portfolio and application scenarios. We plan to (a) use 10.0% of the net proceeds to procure R&D services that are necessary for our technology development and product iterations, such as tape-out, packaging and testing services, to support the updates of our product portfolio and launches of new products; (b) use 10.0% of the net proceeds to acquire IP cores with high cost-effectiveness and advanced technologies, to further enhance our own technology platform.

- Approximately 15.0%, or HK$418.5 million, will be used for investment in R&D projects mainly to develop new technologies that broaden our horizons in the next four years, of which:

  (i) 10.0%, or HK$279.0 million, will be allocated to exploring applications of emerging technologies, such as the multimodal models including VLMs and VLAs, as well as low-power technologies, to address rapidly evolving technological trends. In expanding the application scenarios of embodied intelligent robots, we plan to develop a new generation of high-performance, low-power AI vision chips and optimize multimodal perception and real-time decision-making capabilities. We plan to keep pace with the development trends of emerging technologies by continuously recruiting R&D personnel with expertise in related fields, and by identifying and training potential talent within our organization. In particular, we expect to (a) use 3.0% of the net proceeds to research the latest advancements in AI technology and enhance our ability to apply the most advanced AI technologies to edge and endpoint inference. By building an edge-side large model inference engine, we aim to support lightweight AI deployment in consumer electronics and industrial equipment, enabling breakthroughs in new edge computing scenarios and development of dynamic load scheduling chip technology, so as to achieve efficient collaboration of edge computing resources; (b) use 2.0% of the net proceeds to study the integration of software and hardware capabilities, and optimize the combination of algorithms and hardware to improve our utilization of hardware resources; and (c) use 5.0% of the net proceeds to increase our supply chain resilience on a global scale.

  We plan to recruit technical talents with strong innovation capabilities. Our recruitment strategy over the next four years is designed to enhance our chips' deployment in edge computing scenarios. Key areas of expertise we are seeking include connectivity solutions, SoC power optimization, edge AI acceleration, model compression, and other core technologies for AI at the edge. The planned hiring includes: (i) three multimodal model researchers in Chinese mainland, (ii) three chip developers for embodied intelligence robots in Chinese mainland, and (iii) two AI vision chip designers in Chinese mainland.

  (ii) 5.0%, or HK$139.5 million, will be allocated to upgrading our R&D infrastructure and equipment to enhance the sophistication and effectiveness of our R&D processes. We plan to (a) use 3.5% of the net proceeds to purchase and upgrade software, hardware and other R&D infrastructure, such as hardware simulation acceleration platform, high-performance oscilloscopes, high-performance servers, and chip testing equipment, that boost our capabilities to research and apply emerging technologies; and (b) use 1.5% of the net proceeds to expand our laboratories and testing facilities to accommodate additional R&D resources.

- Approximately 5.0%, or HK$139.5 million, will be used for our sales expansion in the next four years:

  We plan to deploy the funds in the following fields:

  (i) enhance our domestic sales and marketing activities, including expanding our sales and service network, improving our service quality, and enhancing our brand awareness. Specifically, we expect to (a) use 1.0% of the net proceeds to recruit additional sales and marketing personnel with extensive industry knowledge to qualitatively expand our sales team; and (b) use 1.5% of the net proceeds to increase our marketing efforts through advertising placements, industry exhibitions, product launch events, marketing research or survey projects, and other initiatives to expand our brand awareness. We expect these investments in marketing to help us attract more potential customers to expand our customer base and further scale our business; and

(ii) explore our international expansion, including (a) using 1.0% of the net proceeds to recruit experienced sales personnel in overseas markets to expand our global sales channel network; and (b) using 1.5% of the net proceeds to build overseas customer service teams, such as operation team, delivery team, and on-site technical support team, to enhance our localized service capabilities. In terms of international business expansion, we adopt a dual-track strategy of technology export and localization adaptation, working collaboratively with international partners to reduce the risks of overseas expansion. We currently plan to expand and deepen collaborations with leading international automotive Tier 1 suppliers with a strong presence in Europe, whose vehicles will be sold in regions including Europe, the Americas, and Asia — the most attractive markets for smart vehicles with significant growth opportunities. According to CIC, the overseas smart driving chip market reached RMB11.0 billion in 2024 and is expected to expand to RMB64.0 billion by 2030, with a CAGR of 34.1%. Overseas smart driving chip market is experiencing a rapid growth primarily because intelligent driving gradually become a standard function for new vehicles worldwide. We have undertaken initial steps to assess market potential. For example, at the 2025 Shanghai International Automobile Industry Exhibition, we partnered with a leading global Tier 1 supplier to develop an M57 chip-based forward-facing intelligent camera solution, which has already been selected for mass production in European models by a leading Chinese new energy OEM. We plan to leverage our mature international expansion experience in the future and hire experienced local sales and service teams abroad to align our technology with local market needs.

- Approximately 10.0%, or HK$279.0 million, will be used for equity investments or acquisitions aimed at further integrating upstream and downstream industry resources in the next four years, of which:

  (i) 5.0%, or HK$139.5 million, will be allocated for strategic investments in key upstream and downstream targets to strengthen our industry relationships while participating in the value appreciation of high-quality assets within our industry. The upstream targets primarily include those that provide direct support to us in areas such as chip design. We may consider potential upstream targets including (i) design providers for core IPs, which can help reduce chip design timelines, obtain core IPs in a cost-effective way and, and (ii) algorithm and software tool suppliers, which can bridge gaps in algorithm migration and toolchain adaptation capabilities, shorten customers' algorithm migration cycles, enhance the competitiveness of our solutions. We may also consider downstream targets such as solution providers and module assemblers which are able to integrate our chips with other algorithm, software or hardware components. As the smart vehicle and edge AI inference markets evolve, opportunities may emerge to offer integrated solutions beyond discrete chips; and

  (ii) 5.0%, or HK$139.5 million, will be allocated for acquisitions of highly complementary or synergistic businesses to efficiently consolidate industry resources. We currently focus on chip design companies that can achieve vertical integration with our existing technology matrix while sharing terminal customer resources. We may consider potential targets including (i) companies specializing in automotive computing chips, (ii) companies developing chips for edge AI inference in robotics to presence in humanoid robot and industrial robot applications, and (iii) companies specializing in provision of edge AI solutions to accelerate our implementation in areas such as consumer electronics and enterprise-grade edge computing applications.

  Specifically, we may consider potential targets based on the following general selection criteria: (i) the business of the target should exhibit synergies with or complement to our business; (ii) the management team of the target should possess relevant industry knowledge, extensive experience and strong innovative capability in the industry; (iii) the target should have recorded revenue of over RMB30 million and have achieved profitability or be expected to achieve profitability within the next two years; (iv) the valuation of the target shall not be significantly higher than the industry average; (v) the target shall have no more than 200 employees; and (vi) the target should not be involved in major legal disputes or compliance issues, and possess clearly defined intellectual property rights to avoid potential patent disputes. According to CIC, there are around 300 of available targets that meet our selection criteria in the market. As of the Latest Practicable Date, we had not identified any specific acquisition targets.

We acknowledge the challenges associated with managing and operating upstream and downstream resources, especially given our lack of prior direct experience in these areas. However, we are confident in our ability to effectively navigate and succeed in this endeavor based on several factors. First, we have a proven track record of successful acquisition and integration, as demonstrated by our acquisition of Huatu, which reflects not only our ability to identify strategic opportunities but also our capacity to seamlessly integrate acquired entities into our operations and create synergies. Second, our extensive business collaborations over the years have enabled us to accumulate valuable insights into upstream and downstream resources. These collaborations have provided us with a solid foundation of knowledge and operational familiarity, which we can leverage to manage and optimize these resources effectively. Third, our deep understanding of the market and key market players positions us well to evaluate and capture acquisition opportunities. Through ongoing engagement with industry stakeholders, we have developed a comprehensive perspective on market dynamics, technological trends, and competitive landscapes, all of which will be instrumental in ensuring the successful management of upstream and downstream resources.

- Approximately 10.0%, or HK$279.0 million, will be used for working capital and other general corporate purposes.

To carry out our business plans described above, we intend to use the net proceeds from the Global Offering, our cash resources on hand and future operating cash flow. The following table sets forth a breakdown of the net proceeds from the Global Offering and the timeframe for implementing our major business plans.

	Percentage of total net proceeds	Net proceeds to be used in 2026E	2027E	2028E	2029E	Total
		(HK$ in million)				
Investment in optimizing existing platform-based technology architecture, and introducing new products	60.0%	474.3	446.4	390.6	362.8	1,674.1
Investment in R&D projects mainly to develop new technologies that broaden our horizons	15.0%	122.8	114.4	92.1	89.3	418.5
Sales expansion	5.0%	37.7	34.9	34.9	32.1	139.5
Equity investments or acquisitions	10.0%	0.0	55.8	83.7	139.5	279.0
Working capital and general corporate purposes	10.0%	83.7	69.8	69.8	55.8	279.0
Total	**100.0%**	**718.5**	**721.2**	**671.0**	**679.5**	**2,790.1**

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK$3,233.9 million, based on an Offer Price of HK$28.20 per Share. In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above, they will only be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Guotai Junan Securities (Hong Kong) Limited
BOCOM International Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 10,491,600 Hong Kong Offer Shares and the International Offering of initially 94,423,600 International Offer Shares, subject to, in each case, reallocation on the basis as described in the section headed "Structure of the Global Offering" as well as the Over-allotment Option (applicable only to the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

We have entered into the Hong Kong Underwriting Agreement with, among others, the Hong Kong Underwriters on January 29, 2026. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on, and subject to, the terms and conditions set out in this prospectus, the Hong Kong Underwriting Agreement and on the designated website at www.eipo.com.hk.

Subject to: (a) the Listing Committee granting listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering (including additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and the listing and permission not having been revoked; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally (but not jointly) to subscribe for, or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares being offered but which are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Hong Kong Underwriting Agreement and on the designated website at www.eipo.com.hk.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been entered into, becoming unconditional and not having been terminated.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), shall be entitled, in their sole and absolute discretion, by notice to us, terminate the Hong Kong Underwriting Agreement with immediate effect if, any of the following events shall occur prior to 8:00 a.m. on the Listing Date:

A. there develops, occurs, exists or comes into force:

(i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases , accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(iv) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or

(v) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(vi) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the Prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

(vii) the commencement by any Authority or other regulatory or political body or organization of any public action or investigation against a Group Company or a director or a senior management member of any Group Company or announcing an intention to take any such action; or

(viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group Company or any of the members of the Single Largest Group of Shareholders or by or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of this Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(ix) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(x) any non-compliance of the Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(xi) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any member of the Single Largest Group of Shareholders or any Director or senior management members as named in the Prospectus; or

(xii) any contravention by the Company, any Group Company or any Director of the Listing Rules or applicable Laws; or

(xiii) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in the Prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(a) has or will or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or the Group as a whole;

(b) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or

(c) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of this Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or

(d) has or will or may have the effect of making any part of this Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

B. there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(i) any statement contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the "**Global Offering Documents**") was, when it was issued, or has become untrue, incomplete, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, incomplete, dishonest or unreasonable assumptions or given in bad faith; or

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(iii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by the Company or the Single Largest Group of Shareholders in this Agreement or the International Underwriting Agreement; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties pursuant to the indemnities in this Agreement; or

(v) any breach of any of the obligations or undertakings imposed upon the Company or any member of the Single Largest Group of Shareholders or any cornerstone investor (as applicable) to this Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreements; or

(vi) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or

(vii) that the Chairman of the Board or an Executive Director named in the Prospectus seeks to retire, or is removed from office or vacating his/her office; or

(viii) any Director or any member of senior management of the Company named in the Prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(ix) the Company withdraws the Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(x) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

(xi) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of the Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(xii) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) any person (other than the Joint Sponsors and the Overall Coordinators) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents; or

(xiv) (A) an order or petition is presented for the winding-up or liquidation of the Company, or the Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or anything analogous thereto occurs in respect of the Company or (B) in respect of any member of the Group (other than the Company), an order or petition is presented for the winding-up or liquidation of such entity of the Group, or such entity of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of such entity of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of such entity of the Group or anything analogous thereto occurs in respect of any such entity of the Group, and only in the case of limb (B), such event, individually or in the aggregate, has or will result in a Material Adverse Effect; or

(xv) (A) the notice of acceptance of the CSRC Filings issued by the CSRC and/or the results of the CSRC Filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC Filings pursuant to the CSRC Rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable Laws; or

(xvi) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise.

Lock Up Arrangement

Undertakings by our Company to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that we will not exercise our power to issue further H Shares, or securities convertible into H Shares (whether or not of a class already listed), or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date) except the Offer Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to exercise of the Over-allotment Option), or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Single Largest Shareholders Group

Pursuant to Rule 10.07 of the Listing Rules and Chapter 4.13 of the Guide, each member of the Single Largest Shareholders Group has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering (including the Over-allotment Option), it will not, and shall procure that none of its close associates will, without the prior written consent of the Stock Exchange or unless otherwise permitted under the Listing Rules, at any time in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner.

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent a member of the Single Largest Shareholders Group from using the Shares beneficially owned by it/him/her as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each member of the Single Largest Shareholders Group has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date:

(1) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us and the Stock Exchange of such pledge or charge together with the number of Shares so pledged or charged; and

(2) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us and the Stock Exchange of such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any member of the Single Largest Shareholders Group and disclose such matters as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertaking by our Company in respect of itself

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global

Offering (including pursuant to the Over-allotment Option), at any time after the date of this Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), it will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the H Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or

(c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or paragraph (b) above; or

(d) offer to or agree to do any of the foregoing specified in paragraph (a), paragraph (b) or paragraph (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period).

The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in paragraph (a), paragraph (b) or paragraph (c) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the "**Second Six Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any H Shares or other securities of the Company.

The Company agrees and undertakes to each of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that it will, and the Single Largest Group of Shareholders undertake to procure that the Company will, comply with the minimum public float requirements (the "**Minimum Public Float Requirement**") and the minimum free float requirements (the "**Minimum Free Float Requirement**") specified in the Listing Rules, and it will not (i) effect any purchase of the H Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24 of the Listing Rules) to below the Minimum Public Float Requirement or any waiver granted and not revoked by the Stock Exchange prior to the expiration of the Second Six Month Period without first having obtained the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters); or (ii) enter into any agreement, arrangement or transaction which shall cause or have the effect of causing the portion of the H Shares that are held by the public and that are available for trading and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable Laws or otherwise) on the Listing Date to fall below the Minimum Free Float Requirement under Rule 19A.13C of the Listing Rules.

(B) Undertaking by our Single Largest Group of Shareholders in respect of themselves

Each of the Single Largest Group of Shareholders hereby undertakes to each of the Company, the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any H Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any H Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any H Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of H Shares or other securities of the Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period; and

(ii) until the expiry of the First Six Month Period, in the event that it enters into any of the transactions specified in (i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of the Company.

International Offering

International Underwriting Agreement

In connection with the International Offering, we expect to enter into the International Underwriting Agreement with, among others, the Overall Coordinators and the International Underwriters on Friday, February 6, 2026. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally (but not jointly) agree to purchase or procure purchasers for the International Offer Shares initially offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on grounds similar to those contained in the Hong Kong Underwriting Agreement. Please see the section headed "Structure of the Global Offering—The International Offering" for further details.

Over-allotment Option

Our Company intends to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part, at the sole and absolute discretion of the Overall Coordinators on behalf of the International Underwriters from the Listing Date until 30 days from the last day permitted for the making of applications under the Hong Kong Public Offering, pursuant to which our Company may be required to allot and issue up to an aggregate of 15,737,200 additional H Shares, representing approximately 15.0% of the number of Offer Shares initially available under the Global Offering at the Offer Price to cover over-allocations in the International Offering, if any. Please see the section headed "Structure of the Global Offering—Over-allotment Option" for further details.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Commission and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Fixed Fees**"), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of up to 1.5% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of the Fixed Fees and the Discretionary Fees (if fully paid) is therefore approximately 57.14:42.86. The Discretionary Fees are discretionary in nature and the payment of such fees is subject to the sole discretion of our Company.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid to the International Underwriters.

The sponsor's fees payable to the Joint Sponsor are HKD6 million in aggregate.

The aggregate commissions and fees, together with the Stock Exchange listing fee, the SFC transaction levy, the AFRC transaction levy, the Stock Exchange trading fee, the brokerage fee, the legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to be about HK$168.5 million (on the assumption that the Over-allotment Option is not exercised) an will be paid by our Company.

Indemnity

Our Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses incurred arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company of the Hong Kong Underwriting Agreement.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, directly or indirectly, in any H Shares or any securities of any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of any member of our Group.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their business activities, the Syndicate Members and their affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. These investment and trading activities may involve or relate to assets, securities and/or instruments of our Company, and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our loans and other debt.

In relation to our H Shares, the activities of the Syndicate Members and their affiliates may include acting as agent for buyers and sellers of our H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of our H Shares (whose financing may be secured by our H Shares) in the Global Offering, proprietary trading in our H Shares, and entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including our H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of our H Shares, which may have a negative impact on the trading price of our H Shares. All such activities may take place in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our H Shares, in baskets of securities or indices including our H Shares, in units of funds that may purchase our H Shares, or in derivatives related to any of the foregoing.

In relation to issues by the Syndicate Members or their affiliates of any listed securities having our H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in our H Shares in most cases.

All these activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering". Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members and their affiliates will be subject to certain restrictions, including the following:

(a) the Syndicate Members and their affiliates (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members and their affiliates must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Some of the Syndicate Members or their affiliates have provided from time to time, and are expected to provide to our Group investment banking and other services in the future for which the Syndicate Members or their affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited and BOCOM International (Asia) Limited are the Joint Sponsors, and China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited and BOCOM International Securities Limited are the Overall Coordinators, of the Global Offering.

The listing of our H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional H Shares pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange as described in this prospectus.

The Global Offering consists of (subject to reallocation and the Over-allotment Option as described below):

(a) the Hong Kong Public Offering of initially 10,491,600 H Shares as described below under the subsection headed "—The Hong Kong Public Offering"; and

(b) the International Offering of initially 94,423,600 H Shares outside the United States (including to professional and institutional investors in Hong Kong) in offshore transactions in reliance on Regulation S, as described below under the subsection headed "—The International Offering".

Investor may either:

(a) apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or

(b) apply for or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 17.85% of the total H Shares in issue share capital of our Company immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 19.99% of the enlarged number of H Shares in issue (including Offer Shares issued pursuant to the full exercise of the Over-allotment Option) immediately following the completion of the Global Offering and allotment and issue of Offer Shares pursuant to the Over-allotment Option.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 10,491,600 H Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed "Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: Pool A and Pool B (with any odd lots being allocated to pool A).

- **Pool A**: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total price of HK$5 million or less (excluding the brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee).

- **Pool B**: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total price of more than HK$5 million and up to the total value of Pool B (excluding the brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee).

For the purpose of the immediately preceding paragraph only, the "price" for the Hong Kong Offer Shares means the price payable on application. See the subsection headed "—Pricing—Price Payable on Application" below.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are undersubscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 5,245,800 Hong Kong Offer Shares (being approximately 50% of the Offer Shares initially made available under the Hong Kong Public Offer) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their sole discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In the event of reallocation of

Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (b) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 5,245,600 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 15,737,200 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before exercise of the Over-allotment Option) in accordance with Chapter 4.14 of the Guide for New Listing Applicants. In the circumstance where the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are undersubscribed, there will be no reallocation from the International Offering to the Hong Kong Public Offering, and no over-allocation of H Shares to the Hong Kong Public Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deems appropriate.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows Mechanism B set out under paragraph 2 of Chapter 4.14 of the Guide and the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

If the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate.

However, if neither the Hong Kong Public Offering nor the International Offering is fully subscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers to subscribe for respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by that applicant that it/he/she and any person(s) for whose benefit the applicant is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering, and that applicant's application under International Offering is liable to be rejected if either or both of the undertaking and confirmation are breached or untrue (as the case may be).

THE INTERNATIONAL OFFERING

Number of H Shares Initially Offered

The International Offering will consist of an offering of initially 94,423,600 H Shares at the Offer Price for subscription or sale under the International Offering, representing approximately 90.0% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of H Shares initially offered under the International Offering will represent approximately 16.06% of the total H Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Allocation of Offer Shares under the International Offering will be effected in accordance with the "book-building" process described in the section headed "—Pricing" and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares, and/or hold or sell its H Shares, after the Listing. This basis of allocation is intended to result in a distribution of the Offer Shares which is likely to lead to the establishment of a solid and stable professional and institutional shareholder base to the benefit of our Group and our Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered (or has indicated an interest for) Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement and/or any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering as described in the subsection headed "—The Hong Kong Public Offering—Reallocation", and the exercise of the Over-allotment Option in whole or in part as described in the subsection headed "—Over-allotment Option" below.

PRICING

The Offer Price will be HK$28.20 per H Share, unless otherwise announced by our Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price below that stated in this prospectus at any time in or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.axera-tech.com** notices of the reduction in the number of Offer Shares and/or the Offer Price, the cancellation of the Global Offering and the relaunch of the offering on FINI at the revised number of Offer Shares and/or the Offer Price. Our Company will also, as soon as practicable following the decision to make such reduction, issue a supplemental or new prospectus updating investors of the reduction in the number of Offer Shares and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus shall include at least the following: updated (a) Offer Price and market capitalization; (b) listing timetable and underwriting obligations; (c) price/earnings multiple (if applicable), unaudited pro forma and adjusted net tangible assets; and (d) use of proceeds and working capital adequacy confirmation based on revised estimated proceeds. In the event of a reduction in the number of Offer Shares, the Overall Coordinators may also at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares offered under the Hong Kong Public Offering shall not be less than 10% of the Offer Shares available under the Global Offering (without taking into account any additional H Shares that may be issued pursuant to the Over-allotment Option). Upon the issue of such a notice and a supplemental prospectus or a new prospectus, the revised number of Offer Shares and/or the Offer Price will be final and conclusive. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and the Offer Price will be HK$28.20 per H Share.

If there is any change to the offer size due to change in the number of Offer Shares initially offered under the Global Offering (other than pursuant to the Over-allotment Option and/or the reallocation mechanism as disclosed in this prospectus), or if there is any change to the Offer Price as stated in this prospectus, or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering, issue a supplemental or new prospectus and relaunch the offering on FINI pursuant to the supplemental or new prospectus.

The level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares are expected to be announced on Monday, February 9, 2026 on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.axera-tech.com**.

OVER-ALLOCATION

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover the over-allocation through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed to by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be fully paid prior to Listing, accordingly there will be no delayed settlement of payment of the Offer Shares. Additional Offer Shares may be issued by the exercise of the Over-allotment Option in full or in part, or the Stabilizing Manager (or any person acting for it) may purchase H Shares in the secondary market at prices that do not exceed the Offer Price, or a combination of these means may be used, to return to such investor the Offer Shares subject to delayed delivery arrangements.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we may grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators in their sole and absolute discretion on behalf of the International Underwriters.

Pursuant to the Over-allotment Option (if granted), the International Underwriters have the right, exercisable by the Overall Coordinators (in their sole and absolute discretion on behalf of the International

Underwriters) at any time from the Listing Date until 30 days from the last day for the making of applications under the Hong Kong Public Offering (being the last day for the exercise of the Over-allotment Option), to require us to allot and issue up to 15,737,200 additional Offer Shares representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 2.61% of the enlarged total number of H Shares in issue immediately following completion of the Global Offering and the exercise of the Over-allotment Option. We will make an announcement if the Over-allotment Option is exercised.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard, and if possible, prevent a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permitted to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected cannot exceed the offer price of shares.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of our H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any stabilizing action. Such stabilizing actions, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilizing Manager reasonably regards as being in the best interest of our Company, (b) may be discontinued at any time and (c) is required to end within 30 days of the last day for making applications under the Hong Kong Public Offering.

Stabilizing actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) include (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (b) selling or agreeing to sell our H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our H Shares, (c) subscribing, or agreeing to subscribe, for our H Shares pursuant to the Over-allotment Option in order to close out any position established under (a) or (b), (d) purchasing, or agreeing to purchase, our H Shares for the sole purpose of preventing or minimizing any reduction in the market price of our H Shares, (e) selling or agreeing to sell our H Shares to liquidate a long position held as a result of those purchases and (f) offering or attempting to do anything described in (b), (c), (d) or (e).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in our H Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of our H Shares;

(d) no stabilizing action can be taken to support the price of our H Shares for longer than the stabilizing period, which will begin on the Listing Date and is expected to expire on the 30th day after the last day for making applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our H Shares, and therefore the price of our H Shares, could fall;

(e) stabilizing activities by the Stabilizing Manager (or any person acting for it) may stabilize, maintain or otherwise affect the market price of our Shares. This means the price of our Shares may be higher than the price that otherwise might exist in the open market;

(f) the price of our H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(g) stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, acquiring the Offer Shares.

We will make an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) within seven days of the expiration of the stabilizing period.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of applications for the Hong Kong Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering (including any additional H Shares pursuant to the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the execution and delivery of the International Underwriting Agreement on or around February 6, 2026; and

(c) the obligations of the underwriters under both the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among others, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived before the dates and times specified, the Global Offering will not proceed and will lapse, and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offering on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.axera-tech.com on the next business day following the lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the subsection headed "How to Apply for the Hong Kong Offer Shares—Despatch/Collection of H Share Certificates and Refund of Application Monies". In the meantime, the application monies will be held in separate accounts with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8: 00 a.m. on the Listing Date, provided the Global Offering has become unconditional in all respects at or before that time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8: 00 a.m. in Hong Kong on Tuesday, February 10, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9: 00 a.m. on that date.

Our H Shares will be traded in board lots of 100 H Shares each and the stock code of our H Shares will be 600.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at **www.axera-tech.com**. You may download and print from these website addresses if you want a printed copy of this prospectus.

The contents of the electronic version of the prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.

APPLICATION FOR HONG KONG OFFER SHARES

1 WHO CAN APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (for the **White Form eIPO** service only);
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural Chinese mainland person (except qualified domestic institutional investors).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing shareholder;
- are a director, supervisor or chief executive officer of ours and/or any of our subsidiaries; or
- are a close associate of any of the above persons.

2 APPLICATION CHANNELS

The Hong Kong Public Offering period will begin at 9:00 a.m. on Friday, January 30, 2026 and end at 12:00 noon on Thursday, February 5, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO Service	www.eipo.com.hk	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Friday, January 30, 2026 to 11:30 a.m. on Thursday, February 5, 2026 Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, February 5, 2026 Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is an HKSCC Participant will submit electronic application instruction on your behalf through HKSCC's FINI system in accordance with your instruction	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

Only one application may be made for the benefit of any person. If you are suspected of making more than one application through the **White Form eIPO** service or any other channel, all of your applications are liable to be rejected.

3 INFORMATION REQUIRED TO APPLY

You **must** provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business Registration Certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "**Unlisted company**" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "**Statutory control**" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4 PERMITTED NUMBER OF HONG KONG OFFER SHARES FOR APPLICATION

Board lot size	:	100 H Shares
Permitted Number of Hong Kong Offer Shares for application and amount payable on application/ successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The Offer Price is HK$28.20 per Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for. By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

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

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application)	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application
	HK$		HK$		HK$		HK$
100	2,848.44	2,000	56,968.79	30,000	854,531.91	400,000	11,393,758.80
200	5,696.88	3,000	85,453.19	40,000	1,139,375.88	500,000	14,242,198.50
300	8,545.32	4,000	113,937.59	50,000	1,424,219.86	600,000	17,090,638.20
400	11,393.76	5,000	142,421.99	60,000	1,709,063.82	700,000	19,939,077.90
500	14,242.20	6,000	170,906.38	70,000	1,993,907.79	800,000	22,787,517.60
600	17,090.65	7,000	199,390.78	80,000	2,278,751.75	900,000	25,635,957.30
700	19,939.08	8,000	227,875.18	90,000	2,563,595.74	1,000,000	28,484,397.00
800	22,787.51	9,000	256,359.57	100,000	2,848,439.70	2,000,000	56,968,794.00
900	25,635.96	10,000	284,843.96	200,000	5,696,879.40	3,000,000	85,453,191.00
1,000	28,484.39	20,000	569,687.95	300,000	8,545,319.10	5,245,800(1)	149,423,449.78

Notes:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5 MULTIPLE APPLICATIONS PROHIBITED

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "—*Applications for Hong Kong Offer Shares—3. Information Required to Apply*" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6 TERMS AND CONDITIONS OF AN APPLICATION

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(a) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators (or its agents or nominees), as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(b) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** Service Provider (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(c) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(d) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(e) confirm that you have read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations, except those contained in any supplement to this prospectus;

(f) agree that none of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the H Share Registrar, HKSCC, any of our or their affiliates or any of their respective directors, officers, employees, agents or advisers, or any other persons or parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

(g) agree to disclose the details of your application and your personal data and any other any personal data which may be required about you and the person(s) for whose benefit you have made the application to us, our H Share Registrar, receiving bank(s), the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "*—Personal Data—Purposes*" and "*—Personal Data—Transfer of personal data*" in this section;

(h) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(i) agree that subject to Section 44A(6) of the Companies (WUMP) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "*—Publication of Results*" in this section;

(j) confirm that you are aware of the situations specified in the paragraph headed "*—Circumstances in which You Will Not Be Allocated Hong Kong Offer Shares*" in this section;

(k) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(l) agree to comply with the Companies Ordinance, Companies (WUMP) Ordinance, the Articles of Association and the PRC Company Law, and that neither we nor the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(m) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(n) warrant that the information you have provided is true and accurate;

(o) confirm that you understand that we, our Directors and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(p) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(q) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(r) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(s) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor have participated in the International Offering;

(t) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(u) (if you are making the application for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or through the **White Form eIPO** service or by any one as your agent or by any other person;

(v) (if you are making the application as an agent for the benefit of another person) warrant that: (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving application instructions to HKSCC; and (ii) you have due authority to give electronic application instructions on behalf of that other person as its agent; and

(w) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all these laws and none of us nor any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters will breach any of these laws as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus.

PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/ eIPOAllotment**) with a ''search by ID'' function. The full list of (i) wholly or partially successful applicants using the White Form eIPO service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the designated results of allocation at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**)	24 hours, from 11:00 p.m. Monday, February 9, 2026 to Sunday, February 15, 2026 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.axera-tech.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, February 9, 2026 (Hong Kong time).
Telephone	+852 2862 8555 – the allocation results telephone enquiry line provided by the H Share Registrar	Between 9:00 a.m. and 6:00 p.m., on Tuesday, February 10, 2026, Wednesday, February 11, 2026 and Thursday, February 12, 2026 and Friday, February 13, 2026

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, February 6, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, February 6, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.axera-tech.com** by no later than 11:00 p.m. on Monday, February 9, 2026 (Hong Kong time).

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which no Hong Kong Offer Shares will be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (WUMP) Ordinance.

2. If we or our agents exercise discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and our/their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list our H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "—Applications for Hong Kong Offer Shares —5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinators believe that by accepting your application, we or they would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificate will be deposited into CCASS as described below).

We will not issue: (i) the temporary document of title in respect of our H Shares; or (ii) the receipt for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date (Hong Kong time), **provided that** the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO Service	HKSCC EIPO channel
Despatch/collection of H Share certificate[1]		
For physical share certificates of 1,000,000 or more Offer Shares issued under your own name	Collection in person from our H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. **Time**: from 9:00 a.m. to 1:00 p.m. on Tuesday, February 10, 2026 (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note**: If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Time**: Monday, February 9, 2026	

	White Form eIPO Service	HKSCC EIPO channel
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, February 10, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party	**H Share Registrar**	**Your broker or custodian**
Application monies paid through single bank account	Any refund will be despatched to the bank account in the form of **White Form** e-Refund payment instructions	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund cheque(s) will be dispatched to the address as specified in your application instructions by ordinary post at your own risk	

1 Except in the event of any Bad Weather Signals (as defined below) in force in Hong Kong in the morning on the business day before the Listing Date rendering it impossible for the relevant share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "—Bad Weather Arrangements" in this section.

SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, February 5, 2026 if, there is (are):

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- an "extreme conditions" announcement issued after a super typhoon ("**Extreme Conditions**"),

(collectively, "Severe Weather Signals")

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, February 5, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have any of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.axera-tech.com** of the revised timetable.

If any of those warnings is hoisted on Monday, February 9, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, February 10, 2026.

If any of those warnings is hoisted on Monday, February 9, 2026:

- for physical share certificates of less than 1,000,000 offer shares issued under your own name, you may pick them up from the H Share Registrar's office after any of those warnings is lowered or canceled (e.g. in the afternoon of Monday, February 9, 2026 or on Tuesday, February 10, 2026.

If any of those warnings is hoisted on Tuesday, February 10, 2026:

- for physical share certificates of 1,000,000 or more offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after any of those warnings is lowered or canceled (e.g. in the afternoon of Tuesday, February 10, 2026, or on Wednesday, February 11, 2026.

Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the share certificates.

ADMISSION OF OUR H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our H Shares and we comply with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses.

Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

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

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the H Share Registrar and the receiving bank(s) about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of ours and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to us or our agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for the Hong Kong Offer Shares being rejected, or in the delay or the inability of us or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform us and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of our H Shares including, where applicable, HKSCC Nominees;

- maintaining or updating our register of members;

- verifying identities of the applicants for and holders of our H Shares and identifying any duplicate applications for our H Shares;

- facilitating Hong Kong Offer Shares balloting;

- establishing benefit entitlements of holders of our H Shares, such as dividends, rights issues, bonus issues, etc.;

- distributing communications from us and our subsidiaries;

- compiling statistical information and profiles of the holder of our H Shares;

- disclosing relevant information to facilitate claims on entitlements; and

- any other incidental or associated purposes relating to the above and/or to enable us and the H Share Registrar to discharge our or their obligations to applicants and holders of our H Shares and/or regulators and/or any other purposes to which the applicants and holders of the H Shares may from time to time agree.

Transfer of personal data

Personal data held by us and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential, but we and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our appointed agents such as financial advisers and receiving bank(s);
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to us or the H Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

Retention of personal data

We and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether we or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. We and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to us and the H Share Registrar, at our and their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-100, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 愛芯元智半導體股份有限公司 AXERA SEMICONDUCTOR CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED AND BOCOM INTERNATIONAL (ASIA) LIMITED

Introduction

We report on the historical financial information of 愛芯元智半導體股份有限公司 Axera Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-100, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and September 30, 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-100 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated January 30, 2026 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("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' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2022, 2023 and 2024 and September 30, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024, and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 30(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its incorporation.

KPMG

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

January 30, 2026

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG Huazhen LLP Shanghai Branch (畢馬威華振會計師事務所 (特殊普通合夥) 上海分所) in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Expressed in Renminbi ("RMB"))

		Year ended December 31,			Nine months ended September 30,	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*4*	50,230	230,127	472,892	254,216	269,034
Cost of sales		(37,236)	(170,883)	(373,489)	(200,693)	(212,070)
Gross profit		12,994	59,244	99,403	53,523	56,964
Other income	*5(a)*	7,951	8,216	47,103	37,416	17,149
Other net gains/(losses)	*5(b)*	23,663	11,316	(1,090)	(1,005)	2,301
Sales and marketing expenses		(29,253)	(42,000)	(65,496)	(47,648)	(56,274)
General and administrative expenses		(51,318)	(114,484)	(136,224)	(100,621)	(160,362)
Research and development expenses		(445,599)	(515,188)	(588,952)	(449,962)	(413,854)
(Expected credit losses)/ reversal of expected credit losses on financial assets	*6(c)*	—	(1,327)	(11,032)	(5,502)	5,083
Loss from operations		(481,562)	(594,223)	(656,288)	(513,799)	(548,993)
Changes in the carrying amount of redemption liabilities	*29*	(131,384)	(157,746)	(224,995)	(164,047)	(294,973)
Other finance costs		(1,708)	(5,321)	(26,132)	(15,279)	(13,651)
Finance costs		(133,092)	(163,067)	(251,127)	(179,326)	(308,624)
Finance income		3,080	4,715	3,218	2,101	1,917
Net financial costs	*6(a)*	(130,012)	(158,352)	(247,909)	(177,225)	(306,707)
Share of profits less losses of an associate	*31*	—	(4,661)	—	—	—
Gain on deemed disposal of an associate	*31*	—	14,165	—	—	—
Loss before taxation	*6*	(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Income tax	*7(a)*	—	—	—	—	—
Loss for the year/period		(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Attributable to:						
Equity shareholders of the Company		(611,574)	(752,788)	(860,915)	(658,812)	(829,780)
Non-controlling interests		—	9,717	(43,282)	(32,212)	(25,920)
Loss for the year/period		(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Loss per share						
Basic and diluted loss per share (*RMB*)	*10*	(3.15)	(3.45)	(3.18)	(2.58)	(2.42)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
(Expressed in RMB)

	Note	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024	Nine months ended September 30, 2024	Nine months ended September 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss for the year/period		(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Other comprehensive income for the year/period (after tax)						
Items that are or may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of foreign subsidiaries		(16)	22	(195)	(135)	(263)
Items that will not be reclassified to profit or loss:						
Changes in fair value of financial assets measured at fair value through other comprehensive income("FVOCI"), net of income tax		—	921	—	—	—
Other comprehensive income for the year/period		(16)	943	(195)	(135)	(263)
Total comprehensive income for the year/period		(611,590)	(742,128)	(904,392)	(691,159)	(855,963)
Attributable to:						
Equity shareholders of the Company		(611,590)	(751,845)	(861,110)	(658,947)	(830,043)
Non-controlling interests		—	9,717	(43,282)	(32,212)	(25,920)
Total comprehensive income for the year/period		(611,590)	(742,128)	(904,392)	(691,159)	(855,963)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in RMB)

	Note	As at December 31,			As at September 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	11	22,901	25,497	17,747	57,062
Right-of-use assets	12	9,488	12,144	12,922	7,300
Intangible assets	13	99,647	566,726	471,780	605,761
Goodwill	14	—	908,170	908,170	908,170
Financial assets at FVOCI	18	9,859	14,942	14,942	14,942
Prepayments and other receivables	20	11,072	176,818	172,376	65,213
Time deposits	21(c)	51,074	32,086	—	—
		204,041	1,736,383	1,597,937	1,658,448
Current Assets					
Financial assets at fair value through profit or loss ("FVPL")	17	631,927	100,064	—	376,730
Inventories	16	79,919	135,322	211,875	362,389
Trade receivables	19	26,449	179,252	222,047	59,485
Prepayments and other receivables	20	62,032	45,328	99,712	231,394
Time deposits	21(c)	—	20,079	33,138	—
Restricted cash	21(b)	1,343	—	—	—
Cash and cash equivalents	21(a)	68,841	316,738	843,250	340,433
		870,511	796,783	1,410,022	1,370,431
Current Liabilities					
Trade and bill payables	22	25,744	53,359	92,581	213,337
Other payables and accruals	23	101,671	793,732	386,213	99,395
Bank loans	25	30,000	146,428	280,157	320,467
Contract liabilities	24	214	8,909	2,392	3,596
Lease liabilities	26	7,117	7,403	9,238	3,866
Financial instruments issued to investors	29	1,981,118	2,852,385	4,444,742	6,525,913
		2,145,864	3,862,216	5,215,323	7,166,574
Net Current Liabilities		(1,275,353)	(3,065,433)	(3,805,301)	(5,796,143)
Total Assets Less Current Liabilities		(1,071,312)	(1,329,050)	(2,207,364)	(4,137,695)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
(Expressed in RMB)

		As at December 31,			As at September 30,
	Note	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Liabilities					
Bank loans	*25*	—	191,600	165,000	377,600
Lease liabilities	*26*	2,818	4,580	3,368	2,142
Other payables and accruals	*23*	5,537	5,666	—	—
Deferred tax liabilities	*28*	—	162	162	162
		8,355	202,008	168,530	379,904
Net Liabilities		(1,079,667)	(1,531,058)	(2,375,894)	(4,517,599)
Capital and Reserves					
Paid-in/share capital	*30(c)*	220,227	330,771	393,981	482,845
Reserves	*30(d)*	(1,299,894)	(2,137,949)	(3,004,035)	(5,000,444)
Total deficit attributable to equity shareholders of the Company		(1,079,667)	(1,807,178)	(2,610,054)	(4,517,599)
Non-controlling interests		—	276,120	234,160	—
Total deficit		(1,079,667)	(1,531,058)	(2,375,894)	(4,517,599)

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY
(Expressed in RMB)

	Note	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at September 30, 2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current Assets					
Property, plant and equipment	11	7,417	7,976	9,983	45,897
Right-of-use assets	12	1,671	4,058	4,704	2,647
Intangible assets	13	17,709	46,521	29,092	212,629
Investments in subsidiaries	15	130,529	1,283,046	1,332,458	3,232,340
Financial assets at FVOCI	18	9,859	14,942	14,942	14,942
Prepayments and other receivables	20	651	139,903	140,863	27,881
		167,836	1,496,446	1,532,042	3,536,336
Current Assets					
Financial assets at FVPL	17	601,309	70,011	—	5,403
Inventories	16	—	—	45,750	97,893
Trade receivables	19	726	20,739	74,197	124,436
Prepayments and other receivables	20	992,812	1,359,426	1,930,163	2,230,174
Cash and cash equivalents	21	21,983	152,100	701,609	172,799
		1,616,830	1,602,276	2,751,719	2,630,705
Current Liabilities					
Trade and bill payables	22	140,434	214,674	425,541	645,903
Other payables and accruals	23	42,818	636,772	293,065	52,135
Bank loans	25	30,000	3,276	43,274	41,075
Contract liabilities	24	214	60	678	1,954
Lease liabilities	26	1,542	1,978	2,601	1,148
Financial Instruments issued to investors	29	1,981,118	2,852,385	4,444,742	6,525,913
		2,196,126	3,709,145	5,209,901	7,268,128
Net Current Liabilities		(579,296)	(2,106,869)	(2,458,182)	(4,637,423)
Total Assets Less Current Liabilities		(411,460)	(610,423)	(926,140)	(1,101,087)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)
(Expressed in RMB)

	Note	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at September 30, 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Liabilities					
Bank loans	*25*	—	151,600	140,000	231,100
Lease liabilities	*26*	—	1,678	1,680	1,565
Other payables and accruals	*23*	5,537	5,666	—	—
Deferred tax liabilities		—	162	162	162
		5,537	159,106	141,842	232,827
Net Liabilities		(416,997)	(769,529)	(1,067,982)	(1,333,914)
Capital and Reserves					
Paid-in/share capital	*30(c)*	220,227	330,771	393,981	482,845
Reserves	*30(d)*	(637,224)	(1,100,300)	(1,461,963)	(1,816,759)
Total deficit		(416,997)	(769,529)	(1,067,982)	(1,333,914)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company Shares										
		Paid-in capital	**Capital reserve**	**Shares held for employee incentive scheme**	**Share-based payment reserve**	**Exchange reserves**	**Fair value reserve (non-recycling)**	**Other reserves**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total deficit**
		RMB'000 (Note 30(c))	*RMB'000 (Note 30(d)(i))*	*RMB'000 (Note 30(d)(ii))*	*RMB'000 (Note 30(d)(iii))*	*RMB'000 (Note 30(d)(iv))*	*RMB'000 (Note 30(d)(v))*	*RMB'000 (Note 30(d)(vi))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		216,261	(138,556)	(26,000)	154,149	(1)	—	—	(710,034)	(504,181)	—	(504,181)
Changes in equity for 2022:												
Loss for the year		—	—	—	—	—	—	—	(611,574)	(611,574)	—	(611,574)
Other comprehensive income		—	—	—	—	(16)	—	—	—	(16)	—	(16)
Total comprehensive income		—	—	—	—	(16)	—	—	(611,574)	(611,590)	—	(611,590)
Issuance of financial instruments to investors	*29, 30(c)(i)*	3,966	261,034	—	—	—	—	—	—	265,000	—	265,000
Recognition of financial instruments issued to investors	*29*	—	(265,000)	—	—	—	—	—	—	(265,000)	—	(265,000)
Equity settled share-based payment	*27*	—	—	—	36,104	—	—	—	—	36,104	—	36,104
Balance at December 31, 2022 and January 1, 2023		220,227	(142,522)	(26,000)	190,253	(17)	—	—	(1,321,608)	(1,079,667)	—	(1,079,667)
Changes in equity for 2023:												
Loss for the year		—	—	—	—	—	—	—	(752,788)	(752,788)	9,717	(743,071)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Expressed in RMB)

		Attributable to equity shareholders of the Company Shares										
	Note	**Paid-in capital**	**Capital reserve**	**Shares held for employee incentive scheme**	**Share-based payment reserve**	**Exchange reserves**	**Fair value reserve (non-recycling)**	**Other reserves**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total deficit**
		RMB'000 (Note 30(c))	*RMB'000 (Note 30(d)(i))*	*RMB'000 (Note 30(d)(ii))*	*RMB'000 (Note 30(d)(iii))*	*RMB'000 (Note 30(d)(iv))*	*RMB'000 (Note 30(d)(v))*	*RMB'000 (Note 30(d)(vi))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other comprehensive		—	—	—	—	22	921	—	—	943	—	943
Total comprehensive income		—	—	—	—	22	921	—	(752,788)	(751,845)	9,717	(742,128)
Capital contribution	*30(c)(i)*	76,177	—	(53,270)	—	—	—	—	—	22,907	—	22,907
Issuance of financial instruments to investors	*29, 31, 30(c)(i)*	34,367	645,250	—	—	—	—	(7,015)	—	672,602	—	672,602
Recognition of financial instruments issued to investors	*29*	—	(679,617)	—	—	—	—	(33,904)	—	(713,521)	—	(713,521)
Equity settled share- based payment	*27*	—	—	—	42,346	—	—	—	—	42,346	525	42,871
Non-controlling interests arising from business combination	*31*	—	—	—	—	—	—	—	—	—	265,878	265,878
Balance at December 31, 2023 and January 1, 2024		330,771	(176,889)	(79,270)	232,599	5	921	(40,919)	(2,074,396)	(1,807,178)	276,120	(1,531,058)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company										
		Paid-in/share capital	**Capital reserve**	**Shares held for employee incentive scheme**	**Share-based payment reserve**	**Exchange reserves**	**Fair value reserve (non-recycling)**	**Other reserves**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total deficit**
		RMB'000 (*Note 30(c)*)	*RMB'000* (*Note 30(d)(i)*)	*RMB'000* (*Note 30(d)(ii)*)	*RMB'000* (*Note 30(d)(iii)*)	*RMB'000* (*Note 30(d)(iv)*)	*RMB'000* (*Note 30(d)(v)*)	*RMB'000* (*Note 30(d)(vi)*)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		330,771	(176,889)	(79,270)	232,599	5	921	(40,919)	(2,074,396)	(1,807,178)	276,120	(1,531,058)
Changes in equity for 2024:												
Loss for the year		—	—	—	—	—	—	—	(860,915)	(860,915)	(43,282)	(904,197)
Other comprehensive income		—	—	—	—	(195)		—	—	(195)	—	(195)
Total comprehensive income		—	—	—	—	(195)	—	—	(860,915)	(861,110)	(43,282)	(904,392)
Conversion to a joint stock company	*30(c)(ii)*	—	(403,560)	—	—	—	—	—	403,560	—	—	—
Issuance of financial instruments to investors	*29, 30(c)(ii)*	63,210	1,304,152	—	—	—	—	8,077	—	1,375,439	—	1,375,439
Recognition of financial instruments issued to investors	*29*	—	(1,367,362)	—	—	—	—	—	—	(1,367,362)	—	(1,367,362)
Equity settled share- based payment	*27*	—	—	—	50,157	—	—	—	—	50,157	1,322	51,479
Balance at December 31, 2024		393,981	(643,659)	(79,270)	282,756	(190)	921	(32,842)	(2,531,751)	(2,610,054)	234,160	(2,375,894)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company										
		Share capital	**Capital reserve**	**Shares held for employee incentive scheme**	**Share-based payment reserve**	**Exchange reserves**	**Fair value reserve (non-recycling)**	**Other reserves**	**Accumulated losses**	**Sub-total**	**Non-controlling interests**	**Total deficit**
		RMB'000 *(Note 30(c))*	*RMB'000* *(Note 30(d)(i))*	*RMB'000* *(Note 30(d)(ii))*	*RMB'000* *(Note 30(d)(iii))*	*RMB'000* *(Note 30(d)(iv))*	*RMB'000* *(Note 30(d)(v))*	*RMB'000* *(Note 30(d)(vi))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025		393,981	(643,659)	(79,270)	282,756	(190)	921	(32,842)	(2,531,751)	(2,610,054)	234,160	(2,375,894)
Changes in equity for nine months ended September 30, 2025:												
Loss for the period		—	—	—	—	—	—	—	(829,780)	(829,780)	(25,920)	(855,700)
Other comprehensive income		—	—	—	—	(263)	—	—	—	(263)	—	(263)
Total comprehensive income		—	—	—	—	(263)	—	—	(829,780)	(830,043)	(25,920)	(855,963)
Issuance of financial instruments to investors	*29,30(c)(ii)*	81,121	1,685,077	—	—	—	—	—	—	1,766,198	—	1,766,198
Recognition of financial instruments issued to investors	*29*	—	(1,786,198)	—	—	—	—	—	—	(1,786,198)	—	(1,786,198)
Issuance of ordinary shares held for employee incentive scheme	*30(c)(ii)*	7,743	13,057	(20,800)	—	—	—	—	—	—	—	—
Acquisition of additional interests in subsidiaries	*31*	—	—	—	—	—	—	(1,175,913)	—	(1,175,913)	(167,109)	(1,343,022)
Equity settled share-based payment	*27*	—	—	—	118,411	—	—	—	—	118,411	(41,131)	77,280
Balance at September 30, 2025		482,845	(731,723)	(100,070)	401,167	(453)	921	(1,208,755)	(3,361,531)	(4,517,599)	—	(4,517,599)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company										
		Paid-in/ share capital	Capital reserve	Shares held for employee incentive scheme	Share-based payment reserve	Exchange reserves	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Sub-total	Non-controlling interests	Total deficit
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
(unaudited)												
Balance at January 1, 2024		330,771	(176,889)	(79,270)	232,599	5	921	(40,919)	(2,074,396)	(1,807,178)	276,120	(1,531,058)
Changes in equity for nine months ended September 30, 2024:												
Loss for the period		—	—	—	—	—	—	—	(658,812)	(658,812)	(32,212)	(691,024)
Other comprehensive income		—	—	—	—	(135)	—	—	—	(135)	—	(135)
Total comprehensive income		—	—	—	—	(135)	—	—	(658,812)	(658,947)	(32,212)	(691,159)
Conversion to a joint stock company	*30(c)(ii)*	—	(403,560)	—	—	—	—	—	403,560	—	—	—
Issuance of financial instruments to investors	*29*	28,013	564,349	—	—	—	—	—	—	592,362	—	592,362
Recognition of financial instruments issued to investors		—	(592,362)	—	—	—	—	—	—	(592,362)	—	(592,362)
Equity settled share- based payment		—	—	—	36,931	—	—	—	—	36,931	581	37,512
Balance at September 30, 2024		358,784	(608,462)	(79,270)	269,530	(130)	921	(40,919)	(2,329,648)	(2,429,194)	244,489	(2,184,705)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in RMB)

	Note	Year ended December 31,			Nine months ended September 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES:						
Cash used in operations	21(d)	(447,420)	(460,242)	(597,528)	(434,075)	(548,875)
Income tax paid		—	—	—	—	—
Net cash used in operating activities		(447,420)	(460,242)	(597,528)	(434,075)	(548,875)
INVESTING ACTIVITIES:						
Payment for the purchase of property, plant and equipment and intangible assets		(47,441)	(107,699)	(46,205)	(39,022)	(143,652)
Proceeds from disposal of property, plant and equipment		—	528	11	—	104
Placement of time deposits		(50,000)	—	—	—	—
Withdrawal of time deposits		—	—	20,102	20,000	33,150
Payments for purchase of financial assets measured at FVPL		(3,120,000)	(1,270,000)	(60,000)	(60,000)	(1,306,520)
Proceeds from disposal of financial assets measured at FVPL		3,348,197	1,809,145	160,485	160,485	931,928
Payments for purchase of financial assets measured at FVOCI		(9,859)	(4,000)	—	—	—
Payment for purchase of an associate		—	(399,840)	—	—	—
Acquisition of subsidiaries, net of cash	23(ii), 31	—	92,841	(50,000)	(50,000)	—
Increase in advance to a related party	34(b)	—	(250)	—	—	—
Net cash generated from/(used in) investing activities		120,897	120,725	24,393	31,463	(484,990)
FINANCING ACTIVITIES:						
Capital element of lease rentals paid	21(e)	(7,249)	(7,995)	(11,400)	(10,221)	(8,821)
Interest element of lease rentals paid	21(e)	(343)	(364)	(530)	(403)	(274)
Capital contributions		—	22,907	—	—	—
Proceeds from the issuance of financial instruments to investors	21(e)	265,000	566,097	1,025,000	200,000	375,000
Payments for financial instruments issuance costs	30(c)(ii)	—	—	—	—	(20,000)
Repurchase of unvested restricted shares		—	(14,254)	(1,955)	(1,955)	(7,451)
Proceeds from bank loans	21(e)	30,000	262,068	319,117	143,874	509,045
Repayment of bank loans	21(e)	(7,809)	(103,792)	(213,734)	(113,108)	(256,368)
Interest paid	21(e)	(1,365)	(4,158)	(15,779)	(10,138)	(13,013)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Expressed in RMB)

		Year ended December 31,			Nine months ended September 30,	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Prepayment/payment for purchase of non-controlling interests in a subsidiary	*20,31*	—	(137,824)	—	—	(44,000)
Increase in advances from a related party	*21(e)*	—	3,548	—	—	—
Decrease in advances from a related party	*21(e)*	—	—	(100)	—	—
Payment of listing expenses		—	—	—	—	(2,726)
Net cash generated from financing activities		278,234	586,233	1,100,619	208,049	531,392
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(48,289)	246,716	527,484	(194,563)	(502,473)
Cash and cash equivalents at January 1	*21(a)*	117,146	68,841	316,738	316,738	843,250
Effect of foreign exchange rate changes		(16)	1,181	(972)	(796)	(344)
CASH AND CASH EQUIVALENTS AT DECEMBER 31/SEPTEMBER 30	*21(a)*	68,841	316,738	843,250	121,379	340,433

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Axera Semiconductor Co., Ltd. (the "Company") (愛芯元智半導體股份有限公司), formerly known as Axera Semiconductor (Ningbo) Co., Ltd.* (愛芯元智半導體（寧波）有限公司), was incorporated in the People's Republic of China (the "PRC") on April 20, 2020 as a limited liability company and was converted into a joint stock company on March 8, 2024.

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

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

			Proportion of ownership interest			
Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Held by the Company	Held by the subsidiaries	Principal activities	Name of statutory auditor
Beijing Axera Technology Co., Ltd. ("Beijing Axera") *北京愛芯科技有限公司(i) and (ii)	The PRC May 30, 2019	RMB75,000,000	100%	—	Distribution of Chip and development of application	N/A
Hangzhou Axera Technology Co., Ltd. *杭州愛芯元智科技有限公司(i)	The PRC December 27, 2023	RMB100,000,000	100%	—	Design, research and development of technology	N/A
Xi'an Axera Technology Co., Ltd. *西安愛芯元智科技有限公司(i)	The PRC November 24, 2021	RMB100,000	100%	—	Design, research and development of technology	N/A
Shenzhen Axera Technology Co., Ltd. *深圳愛芯元智科技有限公司(i)	The PRC February 05, 2022	RMB100,000	100%	—	Design, research and development of technology	N/A
Axera Hong Kong Limited(i)	Hongkong July 05, 2021	USD100,000	100%	—	Distribution of Chip and development of application	N/A
Axera Semiconductor (Chongqing) Co., Ltd. *愛芯元智半導體(重慶)有限公司(i)	The PRC November 26, 2024	RMB750,000,000	100%	—	Design, research and development of technology	N/A
Axera Semiconductor (Tianjin) Co., Ltd. *愛芯元智半導體(天津)有限公司(i)	The PRC November 08, 2024	RMB10,000,000	100%	—	Design, research and development of technology	N/A
Zhejiang Huatu Weixin Technology Co., Ltd. ("Zhejiang Huatu") *浙江華圖微芯技術有限公司(i)	The PRC October 31, 2014	RMB104,000,000	100%	—	Investment holding	N/A

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by the subsidiaries	Principal activities	Name of statutory auditor
Shanghai Axera Technology Co., Ltd. *上海砹芯科技有限公司(i)	The PRC November 22, 2019	RMB10,000,000	—	100%	Distribution of Chip and development of application	N/A
Wuhu Axera Electronic Technology Co., Ltd. *蕪湖愛芯電子科技有限公司(i)	The PRC July 25, 2019	RMB45,000,000	—	100%	Design, research and development of technology	N/A
Axera Japan 合同會社(i)	Japan October 11, 2021	JPY9,000,000	—	100%	Design, research and development of technology	N/A
Zhejiang Xinsheng Electronic Technology Co., Ltd. *浙江芯昇電子技術有限公司(iii)	The PRC April 9, 2020	RMB278,000,000	—	100%	Distribution of Chip and development of application	Zhejiang Zhengrui Accounting Firm Co., Ltd. * (浙江正瑞會計師事務所) for the years ended December 31, 2022 and 2023 Hangzhou Huayong Accounting Firm Co., Ltd. * (杭州華永會計師事務所有限公司) for the year ended December 31, 2024
Beijing Taihezhiheng Technology Co., Ltd. ("Beijing Taihe") *北京泰合志恒科技有限公司(i)	The PRC October 24, 2007	RMB91,000,000	—	100%	Distribution of Chip and development of application	N/A
Wuhan Taihezhiheng Technology Co., Ltd. *武漢泰合志恒科技有限公司(i), (iv)	The PRC August 18, 2014	RMB10,000,000	—	100%	Design, research and development of technology	N/A

Note:

(i) As at the date of this report, no audited financial statements for the years ended December 31, 2022, 2023 and 2024 have been prepared for these entities.

(ii) Prior to the incorporation of the Company, the Group's principal activities were carried out by Beijing Axera. In April 2020, the shareholders of Beijing Axera transferred their entire equity interests in Beijing Axera to the Company as fulfillment of capital contribution by way of equity contribution and Beijing Axera became the subsidiary of the Company.

(iii) The audited financial statements of this entity for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC.

(iv) Wuhan Taihezhiheng Technology Co., Ltd. went into dissolution and was deregistered on October 16, 2024.

* The English name of the subsidiaries incorporated in the Chinese mainland is translated from their registered Chinese name for identification purpose only.

All companies comprising the Group have adopted December 31, as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, all applicable new and revised IFRS Accounting Standards have been adopted for the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities and net liabilities of the Group as at September 30, 2025 and net losses for the years ended December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, by taking into account: (1) the classification of redemption obligations totaling RMB6,525,913,000 as financial liabilities as set out in Note 29. The holders have agreed that their redemption rights will automatically be canceled upon completing a qualified initial public offering ("IPO") and the related liabilities will be re-classified to equity; (2) working capital forecast for the year ending December 31, 2026. The directors are of the opinion that the Group has sufficient financial resources to continue as a going concern for at least the next twelve months from September 30, 2025 and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand yuan (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

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

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

- Derivative financial instruments (see Note 2(h) and Note 2(s)).

(b) Use of estimates and judgments

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

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

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

(c) Business combination

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

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

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

(d) Associates

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

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

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

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

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

(e) Goodwill

Goodwill represents the excess of

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

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

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

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

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

(f) Subsidiaries and non-controlling interests

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

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

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

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

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

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

(g) Other investments in securities

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

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

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

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

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

(ii) Equity *investments*

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

(h) Derivative financial instruments

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

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

(i) Property, plant and equipment

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

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

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

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

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

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

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

(j) Intangible assets (other than goodwill)

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

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

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

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

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

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

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

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

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

(k) Leased assets

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

(i) As a lessee

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

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

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

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

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

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

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

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

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

Measurement of ECLs

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

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

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

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

ECLs are measured on the following bases:

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

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

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

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

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

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

Significant increases in credit risk

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

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

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

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

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

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

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganization; or significant financial difficulties of the debtor; or

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

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

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

(m) Inventories

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

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

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

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

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

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

(n) Contract liabilities

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

(o) Trade and other receivables

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

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

(p) Cash and cash equivalents

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

(q) Trade, bill and other payables

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

(r) Interest-bearing borrowings

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

(s) Financial instruments issued to investors

(i) Convertible bonds

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

(ii) Derivative financial instruments

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

(iii) Redemption liabilities rights

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

(t) Employee benefits

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

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

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

(ii) Share-based payments arrangements

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

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

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

(iii) Termination benefits

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

(u) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

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

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

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

(v) Provisions and contingent liabilities

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

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

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

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

(w) Revenue and other income

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

(i) Revenue from contracts with customers

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

(a) Sales of products

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

(b) Technical services

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

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognized using the effective interest method.

(b) Government grants

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

(x) Translation of foreign currencies

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

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

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

(y) Borrowing costs

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

(z) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

(aa) Segment reporting

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

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

3 ACCOUNTING JUDGMENT AND ESTIMATES

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

(i) Net realizable value of inventories

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

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

(ii) Impairment of trade and other receivables

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

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

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

(iv) Useful life of intangible assets

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

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

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Recognised at a point in time					
Disaggregated by major products/ services					
— Product	44,730	221,413	472,325	253,861	267,777
— Technical services and others	5,500	8,714	567	355	1,257
	50,230	230,127	472,892	254,216	269,034

(ii) Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
				(unaudited)	
Customer A	*	25.61%	23.87%	26.87%	21.42%
Customer B	*	35.97%	20.92%	27.10%	*
Customer C	*	*	14.60%	*	*
Customer D	*	12.10%	*	*	*
Customer E	46.87%	*	*	*	*
Customer F	28.87%	*	*	*	*
Customer G	10.99%	*	*	*	*
Customer H	*	*	*	*	27.99%

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

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

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

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less. The Group has elected the practical expedient and not disclosed the transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period.

(b) Segment reporting

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

Accordingly, no reportable segment information is presented.

(c) Geographical information

(i) Revenue from external customers

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Chinese mainland	49,439	204,616	466,574	251,180	239,504
Others	791	25,511	6,318	3,036	29,530
	50,230	230,127	472,892	254,216	269,034

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

5 OTHER INCOME AND OTHER NET GAINS/(LOSSES)

(a) Other income

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Government grants (Note (i))	7,365	6,817	42,354	32,128	13,553
Others	586	1,399	4,749	5,288	3,596
	7,951	8,216	47,103	37,416	17,149

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

(b) Other net gains/(losses)

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net realized and unrealized gains on financial assets measured at FVPL	23,562	7,282	421	421	2,138
Net gains/(losses) on disposal of property, plant and equipment and right-of-use assets	—	101	(125)	(100)	(64)
Net foreign exchange gains/(losses)	101	3,933	(1,386)	(1,326)	227
	23,663	11,316	(1,090)	(1,005)	2,301

6 LOSS BEFORE TAXATION

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

(a) Net finance costs

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income	(3,080)	(4,715)	(3,218)	(2,101)	(1,917)
Changes in the carrying amount of redemption liabilities(Note 29)	131,384	157,746	224,995	164,047	294,973
Interest expense on bank loans	561	4,114	17,072	10,652	13,246
Interest expense on payables for purchase of software	804	843	453	180	131
Interest expense on convertible bonds(Note 29)	—	—	8,077	4,044	—
Interest expense on lease liabilities(Note 12)	343	364	530	403	274
	130,012	158,352	247,909	177,225	306,707

(b) Staff costs

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	311,963	418,437	478,251	327,648	327,024
Contributions to defined contribution retirement plans (Note(i))	22,042	29,223	35,291	27,221	26,891
Equity-settled share-based payment expense (Note 27)	36,104	42,871	51,479	37,512	77,280
	370,109	490,531	565,021	392,381	431,195

Notes:

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

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

(c) Other items

	Note	Year ended December 31,			Nine months ended September 30,	
		2022	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories sold	*16(b)*	37,236	170,883	373,489	200,693	212,070
Depreciation charges:						
— property, plant and equipment	*11*	10,619	10,532	14,583	11,420	6,174
— right-of-use assets	*12*	7,692	8,142	11,245	8,668	7,845
Amortization cost of intangible assets	*13*	45,460	67,294	126,371	98,492	78,294
Expense relating to short-term leases	*12*	2,216	2,372	1,758	1,208	1,089
Research and development expenses (Note(i))		445,599	515,188	588,952	449,962	413,854
Expected credit losses/(reversal of expected credit losses) on financial assets - trade receivables and other receivables		—	1,327	11,032	5,502	(5,083)
Listing expenses		—	—	—	—	21,280

Notes:

(i) During the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2024 and 2025 research and development expenses include staff costs, depreciation expenses, and amortization expenses of RMB340,345,000, RMB424,198,000, RMB528,806,000, RMB423,454,000 (unaudited) and RMB371,786,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

(i) Chinese Mainland

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

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

(ii) Hong Kong

The provision for Hong Kong Profits Tax for each of the reporting period is calculated at 16.5% of the estimated assessable profits for the year, except for a subsidiary of the Group which is under the two-tiered profits tax rate regime, i.e. the first HKD 2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

(iii) Japan

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

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before taxation	(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Notional tax on loss before taxation calculated at the rates applicable to profits in the jurisdiction concerned	(152,922)	(184,035)	(223,494)	(174,511)	(204,327)
Tax effect of preferential tax rate	59,721	69,252	81,142	57,905	65,309
Tax effect of non-deductible expenses	6,380	6,987	9,057	6,536	16,332
Tax effect of additional deduction on research and development expenses (Note)	(71,481)	(81,697)	(87,956)	(66,923)	(60,497)
Tax effect of utilization of the tax losses not recognized as deferred tax assets in previous years	(583)	(646)	(55)	(329)	(104)
Tax effect of deductible temporary differences and unused tax losses not recognized	158,885	190,139	221,306	177,331	183,287
Actual tax expense	—	—	—	—	—

Note:

According to the tax incentive policies promulgated by the State Tax Bureau of the PRC, which were effective from January 1, 2018 to September 30, 2022, an additional 75% of qualified research and development expenses incurred would be allowed to be deducted from the taxable income.

According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in September 2022, an additional 100% of qualified expenses incurred from October 1, 2022 to December 31, 2022 is allowed to be deducted from the taxable income.

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

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Directors' and supervisors' emoluments are as follows:

Year ended December 31, 2022

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Dr. QIU XIAOXIN	—	2,248	600	48	2,896	—	2,896
Mr. Liu Jianwei (i)	—	1,174	236	87	1,497	5,717	7,214
Mr. Wang Yuan	—	1,472	300	94	1,866	—	1,866
Mr. Zhao Changhua (i)	—	1,099	346	94	1,539	715	2,254
Mr. Shi Xin	—	1,100	780	87	1,967	1,845	3,812
Mr. Jiang Tianyu	—	1,051	182	87	1,320	345	1,665
Mr. Wang Chen	—	—	—	—	—	—	—
Mr. Zhang Haifeng (resigned in May 2025)	—	—	—	—	—	—	—
Mr. Zou Tao	—	—	—	—	—	—	—
Mr. Zhou Zhifeng (i)	—	—	—	—	—	—	—
Mr. Liang Long	—	—	—	—	—	—	—
Ms. Zhu Wenqian	—	—	—	—	—	—	—
Supervisor							
Ms. Peng Nan	—	1,000	374	94	1,468	707	2,175
	—	9,144	2,818	591	12,553	9,329	21,882

Year ended December 31, 2023

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Dr. QIU XIAOXIN	—	2,822	660	—	3,482	—	3,482
Mr. Liu Jianwei (i)	—	1,201	—	95	1,296	5,770	7,066
Mr. Wang Yuan	—	1,515	—	102	1,617	—	1,617
Mr. Shi Xiaoye (appointed in June 2023)	—	1,158	—	102	1,260	5,786	7,046
Mr. Zhao Changhua (i)	—	1,154	177	102	1,433	514	1,947
Mr. Shi Xin	—	1,132	612	95	1,839	712	2,551
Mr. Jiang Tianyu (resigned in May 2023)	—	518	115	31	664	(162)	502
Mr. Wang Chen	—	—	—	—	—	—	—
Mr. Zhang Haifeng (resigned in May 2025)	—	—	—	—	—	—	—
Mr. Zou Tao (resigned in December 2024)	—	—	—	—	—	—	—
Mr. Zhou Zhifeng (i)	—	—	—	—	—	—	—
Mr. Liang Long	—	—	—	—	—	—	—

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Ms. Zhu Wenqian (resigned in July 2023)	—	—	—	—	—	—	—
Supervisor							
Ms. Peng Nan	—	1,081	194	102	1,377	509	1,886
	—	10,581	1,758	629	12,968	13,129	26,097

Year ended December 31, 2024

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

Nine months ended September 30, 2025

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Dr. QIU XIAOXIN	—	2,256	851	—	3,107	—	3,107
Mr. Sun Weifeng (iii)	—	2,286	372	40	2,698	19,762	22,460
Mr. Liu Jianwei (i)	—	853	130	51	1,034	1,050	2,084
Mr. Wang Yuan	—	1,086	200	53	1,339	384	1,723
Mr. Shi Xiaoye	—	906	80	36	1,022	27,078	28,100
Mr. Zhao Changhua (i)	—	818	200	53	1,071	521	1,592
Mr. Gong Huimin (ii)	—	787	144	24	955	(1,248)	(293)
Mr. Zhou Zhifeng (i)	—	—	—	—	—	—	—
Mr. Wang Chen	—	—	—	—	—	—	—
Mr. Zhang Haifeng (resigned in May 2025)	—	—	—	—	—	—	—
Mr. Zhou Siyuan (appointed in March 2024)	—	—	—	—	—	—	—
Ms. Bai Ting (appointed in December 2024)	—	—	—	—	—	—	—
Mr. Weng Ningning (iv)	—	—	—	—	—	—	—
Supervisors							
Ms. Peng Nan	—	771	170	53	994	520	1,514
Ms. Chen Xiaowen (appointed in March 2024)	—	527	64	53	644	43	687
Ms. Zhou Ying (appointed in March 2024)	—	—	—	—	—	—	—
	—	10,290	2,211	363	12,864	48,110	60,974

Nine months ended September 30, 2024 (unaudited)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Dr. QIU XIAOXIN	—	3,456	—	—	3,456	—	3,456
Mr. Liu Jianwei (i)	—	781	—	49	830	1,571	2,401
Mr. Wang Yuan	—	1,015	—	53	1,068	8	1,076
Mr. Shi Xiaoye	—	758	—	49	807	5,786	6,593
Mr. Zhao Changhua (i)	—	756	—	53	809	217	1,026
Mr. Gong Huimin (ii)	—	1,482	—	53	1,535	1,250	2,785
Mr. Shi Xin (resigned in April 2024)	—	791	348	49	1,188	317	1,505
Mr. Zhou Zhifeng (i)	—	—	—	—	—	—	—
Mr. Wang Chen	—	—	—	—	—	—	—
Mr. Zhang Haifeng (resigned in May 2025)	—	—	—	—	—	—	—
Mr. Liang Long (resigned in March 2024)	—	—	—	—	—	—	—
Mr. Zou Tao (resigned in December 2024)	—	—	—	—	—	—	—
Mr. Zhou Siyuan (appointed in March 2024)	—	—	—	—	—	—	—

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity settled share-based payment (note vi)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors							
Ms. Peng Nan	—	700	—	53	753	216	969
Ms. Chen Xiaowen (appointed in March 2024)		527	104	53	684	16	700
Ms. Zhou Ying (appointed in March 2024)	—	—	—	—	—	—	—
	—	10,266	452	412	11,130	9,381	20,511

Notes:

(i) Mr. Liu Jianwei, Mr. Zhao Changhua and Mr. Zhou Zhifeng will cease to be a director of the Company upon listing.

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

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

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

(v) Ms. Tan Ren, Mr. Li Jun, Dr. Wang Xin and Prof. Chen Xin were appointed as independent non-executive directors of the Company in June 2025 with effect from the date on which dealings in the H Shares of the Company first commence on the Stock Exchange.

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

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

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments of the Group during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 three, three and three, three, three (unaudited) are directors, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining two, two, two, two (unaudited) and two individuals during the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2024 and 2025 are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowance and benefits in kind	2,806	3,610	4,425	3,057	2,783
Discretionary bonuses	967	112	347	260	410
Retirement scheme contributions	188	170	163	115	94
Equity settled share-based payment	1,427	1,843	15,288	10,242	2,355
	5,388	5,735	20,223	13,674	5,642

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

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals (unaudited)*	*Number of individuals*
HK$ 1,500,001 to HK$2,000,000	—	—	—	—	—
HK$ 2,000,001 to HK$2,500,000	—	—	—	1	1
HK$ 2,500,001 to HK$3,000,000	1	—	—	—	1
HK$ 3,000,001 to HK$3,500,000	1	2	—	—	—
HK$ 3,500,001 to HK$4,000,000	—	—	1	—	—
HK$ 10,000,001 to HK$10,500,000	—	—	—	1	—
HK$ 18,000,001 to HK$18,500,000	—	—	1	—	—

During the Track Record Period, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 LOSS PER SHARE

(a) Basic loss per share

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

As described in Note 30(c)(ii), the Company was converted into a joint stock company with limited liability and 330,771,000 shares at RMB1.00 each were issued on March 8, 2024. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since January 1, 2022, at the exchange ratio established in the conversion in March 2024.

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

	Year ended December 31			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss attributable to all equity shareholders of the Company	(611,574)	(752,788)	(860,915)	(691,024)	(855,700)
Allocation of loss for the year attributable to shares with redemption rights（Note 29)	457,016	550,841	632,304	505,163	681,581
Loss attributable to ordinary equity shareholders of the Company	(154,558)	(201,947)	(228,611)	(185,861)	(174,119)

(ii) Weighted average number of ordinary shares

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	000'	*000'*	*000'*	*000'* *(unaudited)*	*000'*
Ordinary shares at the beginning of the year/ period deemed to be in issue	216,261	220,227	330,771	330,771	393,981
Effect of issuance of new ordinary shares deemed to be in issue (Note 30(c))	—	31,932	—	—	3,461
Effect of issuance of ordinary shares with preferred redemption rights in issue or deemed to be in issue (Note 30(c))	3,629	14,619	19,287	15,844	38,668
Effect of ordinary shares with preferred redemption rights (Note 29)	(144,890)	(159,846)	(198,881)	(195,438)	(281,472)
Effect of unvested shares held for employee incentive scheme	(26,000)	(48,330)	(79,270)	(79,270)	(82,731)
Weighted average number of issued and outstanding ordinary share at the end of the year/period deemed to be in issue	49,000	58,602	71,907	71,907	71,907

(b) Diluted loss per share

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

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Equipment and machinery	Office equipment and furniture	Server and network equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	18,733	3,829	12,751	493	35,806
Additions	755	1,583	5,974	—	8,312
At December 31, 2022 and January 1, 2023	19,488	5,412	18,725	493	44,118
Additions	1,844	1,186	2,337	—	5,367
Business combination(Note 31)	5,477	1,064	799	455	7,795
Disposals	—	(44)	—	—	(44)
At December 31, 2023 and January1, 2024	26,809	7,618	21,861	948	57,236
Additions	1,678	829	4,462	—	6,969
Disposals	(1,044)	(189)	(2)	—	(1,235)
At December 31, 2024 and January 1, 2025	27,443	8,258	26,321	948	62,970
Additions	40,440	2,199	3,016	—	45,655
Disposals	(203)	(166)	(42)	—	(411)
At September 30, 2025	67,680	10,291	29,295	948	108,214

	Equipment and machinery	Office equipment and furniture	Server and network equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:					
At January 1, 2022	(6,324)	(925)	(3,018)	(331)	(10,598)
Charge for the year	(6,279)	(1,406)	(2,772)	(162)	(10,619)
At December 31, 2022 and January 1, 2023	(12,603)	(2,331)	(5,790)	(493)	(21,217)
Charge for the year	(4,435)	(1,667)	(4,295)	(135)	(10,532)
Written back on disposals	—	10	—	—	10
At December 31, 2023 and January 1, 2024	(17,038)	(3,988)	(10,085)	(628)	(31,739)
Charge for the year	(6,756)	(1,832)	(5,675)	(320)	(14,583)
Written back on disposals	944	153	2	—	1,099
At December 31, 2024 and January 1, 2025	(22,850)	(5,667)	(15,758)	(948)	(45,223)
Charge for the period	(1,463)	(956)	(3,755)	—	(6,174)
Written back on disposals	64	143	38	—	245
At September 30, 2025	(24,249)	(6,480)	(19,475)	(948)	(51,152)
Net book value:					
At December 31, 2022	6,885	3,081	12,935	—	22,901
At December 31, 2023	9,771	3,630	11,776	320	25,497
At December 31, 2024	4,593	2,591	10,563	—	17,747
At September 30, 2025	43,431	3,811	9,820	—	57,062

The Company

	Equipment and machinery	Office equipment and furniture	Server and network equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At January 1, 2022	135	1,513	530	493	2,671
Additions	141	1,097	5,274	—	6,512
At December 31, 2022 and January 1, 2023	276	2,610	5,804	493	9,183
Additions	367	824	2,212	—	3,403
Disposals	—	(35)	—	—	(35)
At December 31, 2023 and January 1, 2024	643	3,399	8,016	493	12,551
Additions	1,233	715	4,295	—	6,243
Disposals	—	(7)	—	—	(7)
At December 31, 2024 and January 1, 2025	1,876	4,107	12,311	493	18,787
Additions	37,265	1,959	296	—	39,520
Disposals	(170)	—	—	—	(170)
At September 30, 2025	38,971	6,066	12,607	493	58,137

	Equipment and machinery	Office equipment and furniture	Server and network equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:					
At January 1, 2022	(18)	(198)	(49)	(315)	(580)
Charge for the year	(59)	(600)	(349)	(178)	(1,186)
At December 31, 2022 and January 1, 2023	(77)	(798)	(398)	(493)	(1,766)
Charge for the year	(127)	(910)	(1,781)	—	(2,818)
Written back on disposals	—	9	—	—	9
At December 31, 2023 and January 1, 2024	(204)	(1,699)	(2,179)	(493)	(4,575)
Charge for the year	(412)	(955)	(2,865)	—	(4,232)
Written back on disposals	—	3	—	—	3
At December 31, 2024	(616)	(2,651)	(5,044)	(493)	(8,804)
Charge for the period	(387)	(567)	(2,509)	—	(3,463)
Written back on disposals	27	—	—	—	27
At September 30, 2025	(976)	(3,218)	(7,553)	(493)	(12,240)
Net book value:					
At December 31, 2022	199	1,812	5,406	—	7,417
At December 31, 2023	439	1,700	5,837	—	7,976
At December 31, 2024	1,260	1,456	7,267	—	9,983
At September 30, 2025	37,995	2,848	5,054	—	45,897

12 RIGHT-OF-USE ASSETS

The Group

	Office buildings
	RMB'000
Cost:	
At January 1, 2022	13,590
Additions	7,313
Disposals	(5,675)
At December 31, 2022 and January 1, 2023	15,228
Additions	10,043
Business combination (Note 31)	1,148
Disposals	(8,641)
At December 31, 2023 and January 1, 2024	17,778
Additions	12,023
Disposals	(7,735)

	Office buildings
	RMB'000
At December 31, 2024 and January 1, 2025	22,066
Additions	2,223
Disposals	(992)
At September 30, 2025	23,297
Accumulated depreciation:	
At January 1, 2022	(3,723)
Charge for the year	(7,692)
Written back on disposals	5,675
At December 31, 2022 and January 1, 2023	(5,740)
Charge for the year	(8,142)
Written back on disposals	8,248
At December 31, 2023 and January 1, 2024	(5,634)
Charge for the year	(11,245)
Written back on disposals	7,735
At December 31, 2024 and January 1, 2025	(9,144)
Charge for the period	(7,845)
Written back on disposals	992
At September 30, 2025	(15,997)
Net book value:	
At December 31, 2022	9,488
At December 31, 2023	12,144
At December 31, 2024	12,922
At September 30, 2025	7,300

The Company

	Office buildings
	RMB'000
Cost:	
At January 1, 2022, December 31, 2022 and January 1, 2023	4,010
Additions	4,396
Disposals	(4,010)
At December 31, 2023 and January 1, 2024	4,396
Additions	2,889
At December 31, 2024, January 1, 2025 and September 30, 2025	7,285

	Office buildings
	RMB'000
Accumulated depreciation:	
At January 1, 2022	(334)
Charge for the year	(2,005)
At December 31, 2022 and January 1, 2023	(2,339)
Charge for the year	(2,009)
Written back on disposals	4,010
At December 31, 2023 and January 1, 2024	(338)
Charge for the year	(2,243)
At December 31, 2024 and January 1, 2025	(2,581)
Charge for the period	(2,057)
At September 30, 2025	(4,638)
Net book value:	
At December 31, 2022	1,671
At December 31, 2023	4,058
At December 31, 2024	4,704
At September 30, 2025	2,647

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

The Group

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
Office buildings	7,692	8,142	11,245	8,668	7,845
Interest expense on lease liabilities (Note 6(a))	343	364	530	403	274
Expense relating to short-term leases (Note 6(c))	2,216	2,372	1,758	1,208	1,089

The Company

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:					
Office buildings	2,005	2,009	2,243	1,624	2,057
Interest expense on lease liabilities	122	58	171	79	85
Expense relating to short-term leases	1,166	723	312	100	188

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

(a) Properties leased for own use

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

Some leases include an option to terminate the lease before the end of the contract term. The Group considers it reasonably certain not to exercise the option to early terminate at lease commencement date.

13 INTANGIBLE ASSETS

The Group

	IP license	Patent	Software	Technology(i)	Trademark(i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At January 1, 2022	113,981	—	30,531	—	—	144,512
Additions	15,039	—	31,732	—	—	46,771
At December 31, 2022 and January 1, 2023	129,020	—	62,263	—	—	191,283
Additions	31,716	18,868	18,304	—	—	68,888
Business combination (Note 31)	28,358	17,973	1,854	282,500	134,800	465,485
At December 31, 2023 and January 1, 2024	189,094	36,841	82,421	282,500	134,800	725,656
Additions	30,027	—	1,398	—	—	31,425
At December 31, 2024 and January 1, 2025	219,121	36,841	83,819	282,500	134,800	757,081
Additions	211,616	—	659	—	—	212,275
At September 30, 2025	430,737	36,841	84,478	282,500	134,800	969,356
Accumulated amortization:						
At January 1, 2022	(29,551)	—	(16,625)	—	—	(46,176)
Charge for the year	(30,200)	—	(15,260)	—	—	(45,460)
At December 31, 2022 and January 1, 2023	(59,751)	—	(31,885)	—	—	(91,636)
Charge for the year	(42,305)	(2,563)	(15,470)	(4,708)	(2,248)	(67,294)
At December 31, 2023 and January 1, 2024	(102,056)	(2,563)	(47,355)	(4,708)	(2,248)	(158,930)
Charge for the year	(56,296)	(9,091)	(19,255)	(28,250)	(13,479)	(126,371)
At December 31, 2024 and January 1, 2025	(158,352)	(11,654)	(66,610)	(32,958)	(15,727)	(285,301)
Charge for the period	(30,035)	(6,818)	(10,143)	(21,188)	(10,110)	(78,294)
At September 30, 2025	(188,387)	(18,472)	(76,753)	(54,146)	(25,837)	(363,595)

	IP license	Patent	Software	Technology(i)	Trademark(i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net book value:						
At December 31, 2022	69,269	—	30,378	—	—	99,647
At December 31, 2023	87,038	34,278	35,066	277,792	132,552	566,726
At December 31, 2024	60,769	25,187	17,209	249,542	119,073	471,780
At September 30, 2025	242,350	18,369	7,725	228,354	108,963	605,761

The analysis of expenses items in relation to intangible assets recognized in the Group's profit or loss are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Amortization on intangible assets has been charged to the consolidated statements of profit or loss and other comprehensive income as follows:					
Research and development expenses	45,334	64,886	112,595	88,157	68,044
Sales and marketing expenses	—	2,247	13,480	10,110	10,110
General and administrative expenses	126	161	296	225	140
Amortization charge of intangible assets	45,460	67,294	126,371	98,492	78,294

The Company

	IP license	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	1,630	—	1,139	2,769
Additions	—	—	17,330	17,330
At December 31, 2022 and January 1, 2023	1,630	—	18,469	20,099
Additions	1,757	18,868	17,648	38,273
At December 31, 2023 and January 1, 2024	3,387	18,868	36,117	58,372
Additions	1,790	—	—	1,790
At December 31, 2024 and January 1, 2025	5,177	18,868	36,117	60,162
Additions	201,753	—	659	202,412
At September 30, 2025	206,930	18,868	36,776	262,574
Accumulated depreciation:				
At January 1, 2022	(136)	—	(108)	(244)
Charge for the year	(89)	—	(2,057)	(2,146)
At December 31, 2022 and January 1, 2023	(225)	—	(2,165)	(2,390)
Charge for the year	(847)	(2,096)	(6,518)	(9,461)

	IP license	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023 and January 1, 2024	(1,072)	(2,096)	(8,683)	(11,851)
Charge for the year	(1,016)	(6,289)	(11,914)	(19,219)
At December 31, 2024 and January 1, 2025	(2,088)	(8,385)	(20,597)	(31,070)
Charge for the period	(5,005)	(4,717)	(9,153)	(18,875)
At September, 30, 2025	(7,093)	(13,102)	(29,750)	(49,945)
Net book value:				
At December 31, 2022	1,405	—	16,304	17,709
At December 31, 2023	2,315	16,772	27,434	46,521
At December 31, 2024	3,089	10,483	15,520	29,092
At September 30, 2025	199,837	5,766	7,026	212,629

(i) Technology and trademark were acquired through the business combination of Zhejiang Huatu on October 31, 2023. They are recognized at fair value at acquisition date and are subsequently amortized on a straight-line method over its estimated useful lives of 10 years.

14 GOODWILL

	RMB'000
Cost:	
At January 1, 2022 and December 31, 2022	—
Acquisition of Zhejiang Huatu (Note 31)	908,170
At January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and September 30, 2025	908,170
Net book value:	
At December 31, 2022	—
At December 31, 2023	908,170
At December 31, 2024	908,170
At September 30, 2025	908,170

Impairment tests

The calculations of the recoverable amount use cash flow projections based on financial budgets approved by management covering a 10-year period. The Group is in the industry which is currently in the stage of rapid development. Considering the Group's business expansion plan, the Group plans to continue to grow its presence in industry by researching and developing tailored, high-value products, such as edge and on-device AI SoCs and smart vehicle SoCs, and deepening its market penetration. As a result, the Group will be in a period of rapid development for the next few years and is expected to develop to a stable stage in the next decade. The recoverable amount for goodwill impairment assessment determined based on the value-in-use calculations has also been cross-checked to the valuation report as issued by an independent qualified appraisal firm, Avista Valuation Advisory Limited.

For the years ended December 31, 2023 and 2024 and September 30, 2025, the key assumptions as adopted in the impairment assessment are as below:

	Year ended December 31,		Nine months ended September 30,
	2023	2024	2025
	%	%	%
Revenue growth rate	9.99~ 105.25	5.94~ 85.72	5.64~ 85.72
Pre-tax discount rate	17.66	17.53	17.67
Terminal growth rate	2.20	2.00	2.00

The Group performs annual impairment tests on goodwill at the end of reporting year. Based on the result of the goodwill impairment tests, the estimated recoverable amount of the cash generating unit was approximately RMB6,145,721,000, RMB5,410,672,000 and RMB7,747,279,000 as of December 31, 2023 and 2024 and September 30, 2025, exceeding carrying amount by RMB3,438,099,000, RMB2,805,591,000 and RMB5,081,549,000 respectively. No impairment was recognized in respect of the goodwill as of December 31, 2023 and 2024 and September 30, 2025.

The Group performed a sensitivity analysis on key assumptions used in management's annual impairment test of goodwill. Had the discount rate during the forecast period been 5% higher, the remaining headroom would have decreased to RMB2,707,817,000 and RMB2,234,629,000 and RMB4,337,423,000 as of December 31, 2023 and 2024 and September 30, 2025, respectively. Had the estimated revenue growth during the forecast period been decreased by 1%, the remaining headroom would have decreased to RMB2,649,979,000, RMB2,247,591,000 and RMB4,368,617,000 as of December 31, 2023 and 2024 and September 30, 2025. Reasonably possible changes in key assumptions would not lead to impairment as of December 31, 2023 and 2024 and September 30, 2025. The parameters of average revenue growth rate, annual growth rate and pre-tax discount rate used for impairment test of goodwill remained largely the same throughout the Track Record Period, because the management considered that there were no material changes in business and operation of Zhejiang Huatu or external market conditions when determining the key assumptions.

15 INVESTMENT IN SUBSIDIARIES

The list in Note 1 contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

The Company

	As at December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	75,938	1,184,148	1,184,148	2,997,970
Deemed investments arising from share-based payments (i)	54,591	98,898	148,310	234,370
	130,529	1,283,046	1,332,458	3,232,340

(i) The Company granted share options or RSUs to certain employees of its subsidiaries (see Note 27). The Company does not require its subsidiaries to pay for the Company's shares in issue to settle the grant of share options and RSUs. Accordingly, the equity-settled share-based payment expenses allocated to its subsidiaries with no requirement of payments are recognized as deemed investments arising from share-based payments.

The following table lists out the information relating to Zhejiang Huatu and its subsidiaries as disclosed in Note 31, of the Group which has a material non-controlling interest ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

	As at December 31, 2023	As at December 31, 2024
	RMB'000	*RMB'000*
NCI percentage*	57.07%	57.07%
Current assets	289,798	313,385
Non-current assets	470,146	413,050
Current liabilities	(276,080)	(316,099)
Net assets	483,864	410,336
Carrying amount of NCI	276,120	234,160

	For the two months period ended December 31, 2023	For the year ended December 31, 2024
Revenue	192,627	339,408
Profit/(loss) for the period/year	17,027	(75,845)
Total comprehensive income	17,027	(75,845)
Total comprehensive income allocated to NCI	9,717	(43,282)
Cash outflows from operating activities	(2,586)	(53,115)
Cash outflows from investing activities	(229)	(55,881)
Cash (outflows)/inflows from financing activities	(43,649)	77,042

* As disclosed in Note 31, the Group's interests in Zhejiang Huatu increased to 100.00% as at September 30, 2025.

16 INVENTORIES

(a) Inventories in the statements of financial position comprise

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	53,047	56,794	74,941	62,242
Semi-finished products and Work in progress	14,001	46,355	95,514	246,575
Finished products	12,871	32,173	41,420	53,572
	79,919	135,322	211,875	362,389

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	—	—	4,174	18,004
Semi-finished products and Work in progress	—	—	38,760	73,954
Finished products	—	—	2,816	5,935
	—	—	45,750	97,893

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows

The Group

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amount of inventories sold	36,691	172,160	369,154	195,350	210,337
Provision/(reversal) of inventories	545	(1,277)	4,335	5,343	1,733
	37,236	170,883	373,489	200,693	212,070

The Company

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amount of inventories sold	7,852	38,768	130,390	69,021	182,762

Net realizable value of inventories is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

17 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT AND LOSS

The Group

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	631,927	100,064	—	371,064
Forward foreign exchange contracts(i)	—	—	—	2,630
A convertible loan receivable(ii)	—	—	—	3,036
	631,927	100,064	—	376,730

The Company

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	601,309	70,011	—	—
Forward foreign exchange contracts(i)	—	—	—	2,367
A convertible loan receivable(ii)	—	—	—	3,036
	601,309	70,011	—	5,403

(i) The Group enters into foreign currency forward contracts where the Group is to purchase USD for a fixed exchange rate of RMB to USD during a future period for the end of reporting period. These derivative financial instruments are recognized at fair value. As they were not designated as hedging instruments, those foreign currency forward contracts were accounted for at FVTPL.

(ii) In March and September 2025, the Group entered into three convertible bond investment agreements with a third party to subscribe for a total principal amount of RMB4,200,000, of which RMB3,000,000 had been paid to the third party during the Track Record Period. The convertible bond bear interest at 3% per annum and is due within 12 months. The convertible loan receivable is classified as financial assets at FVTPL upon the initial recognition.

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	9,859	14,942	14,942	14,942

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments	9,859	14,942	14,942	14,942

The unlisted equity investment represents investment in equity interest of private entities established in the PRC. The designation of financial assets measured at fair value through other comprehensive income was made because the investments are expected to be held for a long-term period of strategic purpose.

19 TRADE RECEIVABLES

The Group

	As of December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amount of trade receivables				
— Due from third parties	26,449	183,253	235,333	68,492
— Due from a related party	—	—	1,705	902
Less: loss allowance	—	(4,001)	(14,991)	(9,909)
Trade receivables, net	26,449	179,252	222,047	59,485

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross amount of trade receivables				
— Due from third parties	726	20,739	72,775	35,550
— Due from related parties	—	—	1,850	90,041
Less: loss allowance	—	—	(428)	(1,155)
Trade receivables, net	726	20,739	74,197	124,436

All of the trade receivables are expected to be recovered within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	26,449	179,071	220,789	58,543
1 year to 2 years	—	181	1,258	942
	26,449	179,252	222,047	59,485

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	726	20,739	74,197	123,409
1 year to 2 years	—	—	—	1,027
	726	20,739	74,197	124,436

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

20 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Deposits	3,675	4,638	4,092	4,213
Less: loss allowance	—	(1,001)	(1,043)	(1,042)
Financial assets measured at amortized cost	3,675	3,637	3,049	3,171
Prepayments for:				
— Investments(i)	—	137,824	137,824	—
— Long-term assets	7,397	35,357	31,503	62,042
	7,397	173,181	169,327	62,042
Prepayments and other receivables	11,072	176,818	172,376	65,213

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Vendor rebates receivable	—	—	6,952	1,657
Listing expenses to be capitalized	—	—	—	4,302
Deposits	47	164	1,844	2,239
Refund receivable (ii)	25,449	—	—	—
Advance to a related party (iii)	—	250	250	250
Others	204	725	860	429
Financial assets measured at amortized cost	25,700	1,139	9,906	8,877
Prepayments	12,438	26,194	55,178	146,478
Value-added tax recoverable	23,894	17,995	34,628	76,039
Prepayments and other receivables	62,032	45,328	99,712	231,394

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current:				
Deposits	651	959	932	1,054
Less: loss allowance	—	—	—	—
Financial assets measured at amortized cost	651	959	932	1,054
Prepayments for:				
— Investments(i)	—	137,824	137,824	—
— Long-term assets	—	1,120	2,107	26,827
	—	138,944	139,931	26,827
Prepayments and other receivables	651	139,903	140,863	27,881
Current:				
Amounts due from subsidiaries	974,188	1,341,690	1,874,120	2,059,074
Listing expenses to be capitalized	—	—	—	4,302
Vendor rebates receivable	—	—	2,324	1,657
Advance to a related party	—	250	250	250
Others	206	5	131	422
Financial assets measured at amortized cost	974,394	1,341,945	1,876,825	2,065,705
Value-added tax recoverable	17,377	17,401	31,230	61,982
Prepayments	1,041	80	22,108	102,487
Prepayments and other receivables	992,812	1,359,426	1,930,163	2,230,174

(i) On May 31, 2023, the Group entered into shares purchase agreements with individual shareholders of Zhejiang Huatu to acquire additional 5.51% of equity interests of Zhejiang Huatu at an aggregate cash consideration of RMB137,824,000 (the "Proposed transaction"). In June and July 2023, the Company prepaid the total cash consideration of RMB137,824,000. In May 2025, the Group completed to acquire 5.51% of equity interests of Zhejiang Huatu due to all the risks and rewards of interests had been transferred to the Group.

(ii) As at December 31, 2022, the refund receivable from a third-party supplier represents the refund of prepayment for purchase of wafers as mutually agreed on purchase cancelation as a result of normal business negotiation, which was fully received in November 2023.

(iii) Advance to a related party is unsecured and interest-free. Details of the advance to a related party are set out in Note 34(c).

21 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	68,841	316,738	843,250	340,433

The Company

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank	21,983	152,100	701,609	172,799

(b) Restricted cash comprise:

The Group

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Restricted cash	1,343	—	—	—

As at December 31 2022, 2023 and 2024 and September 30, 2025, restricted cash was held at bank as security deposits mainly for issuance of letter of guarantee.

(c) Time deposits comprise:

The Group

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Time deposits	51,074	32,086	—	—
Current				
Time deposits	—	20,079	33,138	—

Non-current time deposits are bank deposits with original maturities over twelve months and redeemable on maturity.

(d) Reconciliation of loss before taxation to cash used in operations:

		Year ended December 31,			Nine months ended September 30,	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before taxation		(611,574)	(743,071)	(904,197)	(691,024)	(855,700)
Adjustments for:						
Depreciation of property, plant and equipment	*6(c)*	10,619	10,532	14,583	11,420	6,174
Depreciation of right-of-use assets	*6(c)*	7,692	8,142	11,245	8,668	7,845
Amortization of intangible assets	*6(c)*	45,460	67,294	126,371	98,492	78,294
Changes in carrying amount of the redemption liabilities	*29*	131,384	157,746	224,995	164,047	294,973
Net realized and unrealized gains on financial assets measured at FVPL	*5(b)*	(23,562)	(7,282)	(421)	(421)	(2,138)
Interest income		(1,074)	(1,091)	(1,075)	(709)	(12)
Share of profits less losses of an associate	*31*	—	4,661	—	—	—
Gain on deemed disposal of an associate	*31*	—	(14,165)	—	—	—
Equity-settled Share-based payments expense	*27*	36,104	42,871	51,479	37,512	77,280
Net (gain)/losses on disposal of property, plant and equipment and right-of-use assets	*5(b)*	—	(101)	125	100	64
Interest expense on lease liabilities	*6(a)*	343	364	530	403	274
Interest expense on bank loans	*6(a)*	561	4,114	17,072	10,652	13,246
Interest expense on payables for purchase of software	*6(a)*	804	843	453	180	131
Interest expense on convertible bonds	*6(a)*	—	—	8,077	4,044	—
Net foreign exchange (gains)/losses		(106)	(1,154)	991	784	52
		208,225	272,774	454,425	335,172	476,183
Changes in working capital:						
(Increase)/decrease in inventories		(49,922)	76,269	(76,553)	(63,075)	(150,514)
(Increase)/decrease in trade receivables		(26,340)	(126,259)	(42,837)	102,506	162,563
Decrease/(increase) in prepayments and other receivables		15,690	53,643	(53,754)	(78,701)	(121,432)
Increase/(decrease) in trade and bill payables		16,641	(5,764)	39,222	350	(37,801)
(Decrease)/increase in contract liabilities		(1,801)	(2,481)	(6,517)	(5,127)	1,204
Increase/(decrease) in other payables and accruals		3,004	13,304	(7,317)	(34,176)	(23,378)
(Increase)/ decrease in restricted cash		(1,343)	1,343	—	—	—
Cash used in operations		(447,420)	(460,242)	(597,528)	(434,075)	(548,875)

(e) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flow as cash flows from financing activities.

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
As at January 1, 2022	9,871	1,584,734	7,809	—	1,602,414
Changes from financing cash flows:					
Capital element of lease rentals paid	(7,249)	—	—	—	(7,249)
Interest element of lease rentals paid	(343)	—	—	—	(343)
Proceeds from the issuance of financial instruments to investors (Note 29)	—	265,000	—	—	265,000
Proceeds from borrowings	—	—	30,000	—	30,000
Repayment of borrowings	—	—	(7,809)	—	(7,809)
Interest paid	—	—	(561)	(804)	(1,365)
Total changes from financing cash flows	(7,592)	265,000	21,630	(804)	278,234
Other change:					
Increase in lease liabilities from entering into new leases during the year (Note 12)	7,313	—	—	—	7,313
Changes in the carrying amount of redemption liabilities (Note 29)	—	131,384	—	—	131,384
Interest expenses	343	—	561	804	1,708
Total other change	7,656	131,384	561	804	140,405
At December 31, 2022	9,935	1,981,118	30,000	—	2,021,053

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
As at January 1, 2023	9,935	1,981,118	30,000	—	2,021,053
Changes from financing cash flows:					
Capital element of lease rentals paid	(7,995)	—	—	—	(7,995)
Interest element of lease rentals paid	(364)	—	—	—	(364)
Proceeds from the issuance of financial instruments to investors	—	566,097	—	—	566,097
Repurchase of unvested restricted shares	—	—	—	(14,254)	(14,254)
Increase in advance from a related party (Note 34(b))	—	—	—	3,548	3,548
Proceeds from borrowings	—	—	262,068	—	262,068
Repayment of borrowings	—	—	(103,792)	—	(103,792)
Interest paid	—	—	(3,315)	(843)	(4,158)
Total changes from financing cash flows	(8,359)	566,097	154,961	(11,549)	701,150

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
Other change:					
Business combination	—	—	148,953	24,000	172,953
Issuance of financial instruments to investors for business combination (Note 31)	—	113,520	—	—	113,520
Increase in lease liabilities from entering into new leases during the year (Note 12)	10,043	—	—	—	10,043
Decrease in other reserve (Note 29)	—	33,904	—	—	33,904
Changes in the carrying amount of redemption liabilities (Note 29)	—	157,746	—	—	157,746
Interest expenses	364	—	4,114	843	5,321
Total other change	10,407	305,170	153,067	24,843	493,487
At December 31, 2023	11,983	2,852,385	338,028	13,294	3,215,690

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
As at January 1, 2024	11,983	2,852,385	338,028	13,294	3,215,690
Changes from financing cash flows:					
Capital element of lease rentals paid	(11,400)	—	—	—	(11,400)
Interest element of lease rentals paid	(530)	—	—	—	(530)
Proceeds from the issuance of financial instruments to investors	—	775,000	—	250,000	1,025,000
Repurchase of unvested restricted shares	—	—	—	(1,955)	(1,955)
Decrease in advance from a related party (Note 34(b))	—	—	—	(100)	(100)
Proceeds from borrowings	—	—	319,117	—	319,117
Repayment of borrowings	—	—	(213,734)	—	(213,734)
Interest paid	—	—	(15,326)	(453)	(15,779)
Total changes from financing cash flows	(11,930)	775,000	90,057	247,492	1,100,619
Other change:					
Increase in lease liabilities from entering into new leases during the year (Note 12)	12,023	—	—	—	12,023
Issuance of financial instruments to investors for business combination (Note 31)	—	592,362	—	—	592,362
Increase in other reserve (Note 29)	—	(8,077)	—	—	(8,077)
Changes in the carrying amount of redemption liabilities (Note 29)	—	224,995	—	—	224,995
Interest expenses	530	8,077	17,072	453	26,132
Total other change	12,553	817,357	17,072	453	847,435
At December 31, 2024	12,606	4,444,742	445,157	261,239	5,163,744

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
As at January 1, 2025	12,606	4,444,742	445,157	261,239	5,163,744
Changes from financing cash flows:					
Capital element of lease rentals paid	(8,821)	—	—	—	(8,821)
Interest element of lease rentals paid	(274)	—	—	—	(274)
Proceeds from the issuance of financial instruments to investors	—	375,000	—	—	375,000
Repurchase of unvested restricted shares	—	—	—	(7,451)	(7,451)
Proceeds from borrowings	—	—	509,045	—	509,045
Repayment of borrowings	—	—	(256,368)	—	(256,368)
Interest paid	—	—	(13,013)	—	(13,013)
Total changes from financing cash flows	(9,095)	375,000	239,664	(7,451)	598,118
Other change:					
Increase in lease liabilities from entering into new leases during the period (Note 12)	2,223	—	—	—	2,223
Recognition of financial instruments issued to investors from the prepayment of investors (Note 23(i))	—	250,000	—	(250,000)	—
Issuance of financial instruments to investors for purchase of non-controlling interests (Note 31)	—	1,161,198	—	—	1,161,198
Changes in the carrying amount of redemption liabilities (Note 29)	—	294,973	—	—	294,973
Interest expenses	274	—	13,246	131	13,651
Total other change	2,497	1,706,171	13,246	(249,869)	1,472,045
At September 30, 2025	6,008	6,525,913	698,067	3,919	7,233,907

	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
(Unaudited)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
As at January 1, 2024	11,983	2,852,385	338,028	13,294	3,215,690
Changes from financing cash flows:					
Capital element of lease rentals paid	(10,221)	—	—	—	(10,221)
Interest element of lease rentals paid	(403)	—	—	—	(403)
Proceeds from the issuance of financial instruments to investors	—	200,000	—	—	200,000
Repurchase of unvested restricted shares	—	—	—	(1,955)	(1,955)
Proceeds from borrowings	—	—	143,874	—	143,874
Repayment of borrowings	—	—	(113,108)	—	(113,108)
Interest paid	—	—	(10,138)	—	(10,138)
Total changes from financing cash flows	(10,624)	200,000	20,628	(1,955)	208,049

(Unaudited)	Lease liabilities	Financial instruments issued to investors	Bank loans	Other payables and accruals	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 26)	*(Note 29)*	*(Note 25)*		
Other change:					
Increase in lease liabilities from entering into new leases during the period	10,323	—	—	—	10,323
Issuance of financial instruments to investors for business combination (Note 31)	—	592,361	—	—	592,361
Changes in the carrying amount of redemption liabilities (Note 29)	—	164,047	—	—	164,047
Interest expenses	403	4,044	10,652	180	15,279
Total other change	10,726	760,452	10,652	180	782,010
At September 30, 2024	12,085	3,812,837	369,308	11,519	4,205,749

(f) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating cash flows	2,216	2,372	1,758	1,208	1,089
Within financing cash flows	7,592	8,359	11,930	10,624	9,095
	9,808	10,731	13,688	11,832	10,184

These amounts are related to lease rentals paid.

22 TRADE AND BILL PAYABLES

The Group

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill payables	25,744	53,359	92,581	213,337

The Company

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill payables	140,434	214,674	424,541	645,903

All trade and bill payables are expected to be settled within one year are repayable on demand.

As of the end of the Track Record Period, the aging analysis of trade and bill payables, based on the invoice date, is as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	25,111	43,241	79,644	204,275
Over 1 year	633	10,118	12,937	9,062
	25,744	53,359	92,581	213,337

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	140,431	198,728	250,539	367,965
Over 1 year	3	15,946	175,002	277,938
	140,434	214,674	425,541	645,903

23 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current:				
Payable for purchase of software	5,537	5,666	—	—
Current:				
Advance from investors (i)	—	—	250,000	—
Payables for listing expenses	—	—	—	10,621
Accrued payroll and other benefits	57,916	70,859	72,027	41,527
Other tax payables	9,407	26,876	18,446	15,152
Payables for purchase of software	7,421	11,776	5,991	—
Consideration payable related to the business combination (ii)	—	642,362	—	—
Repurchase obligations for the shares held for employee incentive scheme (iii)	26,000	35,746	33,791	26,340
Advance from a related party (iv)	—	3,548	3,448	3,448
Others	927	2,565	2,510	2,307
	101,671	793,732	386,213	99,395

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current:				
Payable for purchase of software	5,537	5,666	—	—
Current:				
Advance from investors (i)	—	—	250,000	—
Payables for listing expenses	—	—	—	10,621
Accrued payroll and other benefits	9,780	1,448	3,919	1,574
Other tax payables	1,139	1,272	3,591	9,185
Payables for purchase of software	5,775	11,776	5,991	—
Consideration payable related to the acquisition of Zhejiang Huatu (Note 31)	—	592,362	—	—
Repurchase obligations for the shares held for employee incentive scheme (iii)	26,000	26,000	26,000	26,000
Advance from a related party	—	3,548	3,448	3,448
Advance from a subsidiary	—	—	—	596
Others	124	366	116	711
	42,818	636,772	293,065	52,135

(i) In December 2024, the Company initiated the Series C financing arrangement. A total cash consideration of RMB250,000,000 were prepaid by investors before the date of December 31, 2024. Subsequently, this transaction was completed and relevant shares were registered as share capital of the Company in May 2025.

(ii) As described in Note 31, as at December 31, 2023, outstanding payables for business combination of Zhejiang Huatu was RMB592,362,000, which has been fully settled by issuance of 28,012,778 Series B shares with preferred rights for RMB592,362,000 on April 28, 2024.

As at December 31, 2023, the payables for business combination of RMB50,000,000 was related to consideration payable for previous acquisition of Zhejiang Huatu.

(iii) Repurchase obligations for the shares held for employee incentives scheme are the amounts received from employees who had the options of the Company and RSUs of Zhejiang Huatu and the amounts are refundable if the employees terminate their services before the options exercised or RSUs vested. Details of equity settled share-based transactions are set out in Note 27.

(iv) Advance from a related party are unsecured and interest-free. Details of advance from a related party are set out in Note 34(c).

24 CONTRACT LIABILITIES

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	214	8,909	2,392	3,596

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances from customers	214	60	678	1,954

Movements in contract liabilities are as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1,	2,015	214	8,909	2,392
Increase in contract liabilities as a result of acquisitions through business combination on October 31, 2023 (Note 31)	—	11,176	—	—
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period or at the date of business combination	(2,015)	(2,541)	(8,909)	(2,392)
Increase in contract liabilities as a result of advances from customers	214	60	2,392	3,596
Balance at December 31/September 30,	214	8,909	2,392	3,596

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1,	2,015	214	60	678
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period or at the date of business combination	(2,015)	(214)	(60)	(678)
Increase in contract liabilities as a result of advances from customers	214	60	678	1,954
Balance at December 31/September 30,	214	60	678	1,954

All of the contract liabilities are expected to be recognized as income within one year.

25 BANK LOANS

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-Current:				
Unsecured	—	59,600	35,000	249,600
Secured (i)	—	132,000	130,000	128,000
	—	191,600	165,000	377,600

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current:				
Unsecured	30,000	143,556	276,519	315,729
Secured (i)	—	2,872	3,638	4,738
	30,000	146,428	280,157	320,467

(i) The secured bank loans are borrowed by the Group for acquisition of Zhejiang Huatu and are pledged by the RMB26,000,000 paid-in-capital of Zhejiang Huatu.

(a) The analysis of the repayment schedule of bank loans is as follows:

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	30,000	146,428	280,157	320,467
After 1 year but within 2 years	—	36,600	37,000	83,600
After 2 years but within 5 years	—	155,000	128,000	294,000
	30,000	338,028	445,157	698,067

26 LEASE LIABILITIES

As of the end of the Track Record Period, the lease liabilities were repayable as follows:

The Group

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	7,117	7,403	9,238	3,866
After 1 year but within 2 years	2,818	4,580	1,953	1,209
After 2 years but within 5 years	—	—	1,415	933
	9,935	11,983	12,606	6,008

The Company

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	1,542	1,978	2,601	1,148
After 1 year but within 2 years	—	1,678	265	623
After 2 years but within 5 years	—	—	1,415	933
	1,542	3,656	4,281	2,713

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company and its subsidiary Zhejiang Huatu acquired in 2023 have adopted the "2020 Employee Incentive Scheme – Options" and the "2020 Employee Incentive Scheme – RSUs", respectively. The purpose of the employee incentive schemes is to attract and retain the talents and to provide incentives that align the interests of shareholders, the Group and employees, for long-term development of the Group. The share-based awards granted pursuant to the employee incentive schemes are governed by the contractual terms of the awards.

On May 13, 2025 ("modification date"), in order to encourage long-term commitment to the Company and to align the interests of the eligible grantees of both the Company and Zhejiang Huatu, the Board of the Company proposed to replace the existing employee incentive schemes adopted by the Company and Zhejiang Huatu by using the "2025 Employee Incentive Scheme – RSUs" to the existing holders.

The table below sets forth share-based payments expenses for share options and RSUs during the Track Record Period:

	Year ended December 31,			Nine months ended September 30,	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Adopted by the Company					
2020 Employee Incentive Scheme-Options(a)	36,104	42,120	50,075	37,173	12,424
2025 Employee Incentive Scheme-RSUs (c)	—	—	—	—	69,127
Adopted by Zhejiang Huatu					
2020 Employee Incentive Scheme-RSUs (b)	—	751	1,404	339	(4,271)
	36,104	42,871	51,479	37,512	77,280

The underlying shares under these two employee incentive schemes are held by employee incentive platforms. The Company has power to govern the relevant activities of employee incentive platforms and can derive benefits from the contributions of the eligible employees who are awarded with the shares under the above employee incentive schemes, the directors of the Company consider that it is appropriate to consolidate employee incentive platforms. The Group has the following share-based payment arrangements:

(a) 2020 Employee Incentive Scheme—Options

The Company adopted 2020 Employee Incentive Scheme—Options to invite qualified participants of the Company and its subsidiaries, to take up options at a consideration of RMB0.070577 per share* of the Company through the employee incentive platform.

The granted options shall be exercisable separately in the subsequent 3 vesting periods, whose percentages of options exercisable are 50%, 25% and 25% respectively, subject to requested service periods of two years, three years and four years achieved. The contractual life of share options is 10 years.

(i) Movements in the number* and weighted average exercise prices of share options granted under 2020 Employee Incentive Scheme—Options during the Track Record Period are as follows:

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
At the beginning of the year/period	22,978,215	28,581,899	34,602,393	43,834,417
Granted	7,465,649	8,016,851	9,948,488	—
Forfeited	(1,861,965)	(1,996,357)	(716,464)	(1,071,687)
Modified (c)	—	—	—	(42,762,730)
At the end of the year/period	28,581,899	34,602,393	43,834,417	—
Exercisable at the end of the year/period	6,903,371	15,420,190	22,615,300	—

The share options outstanding at December 31, 2022, 2023 and 2024 had an exercise price per share* of RMB0.070577, and a weighted average remaining contractual life of 8.17 years, 7.62 years and 7.20 years.

(ii) Faire value of share options granted under 2020 Employee Incentive Scheme—Options

The directors had adopted the discounted cash flow method or the backsolve method of the market approach to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share.

Based on fair value of the underlying ordinary share, the directors have used Binomial option-pricing model to determine the fair value of the share option as of the grant date. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions:

	As at December 31,		
	2022	2023	2024
Expected volatility	59.83%-60.80%	58.65%-59.43%	58.77%-59.77%
Risk-free interest rates	2.75%-2.83%	2.63%-2.85%	2.15%-2.56%
Exercise price (RMB)	0.070577	0.070577	0.070577
Expected life of options (year)	10.00	10.00	10.00
Weighted-average fair value of the ordinary share on the grant date (RMB)	6.18	7.45	7.71

The expected volatility is based on average of historic volatilities of the comparable companies with length commensurable to the time (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividend yield is based on historical dividends and management estimation at the grant date. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under service conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share options granted.

The weighted-average fair value of share options granted during the years ended December 31, 2022, 2023 and 2024 was RMB6.11, RMB7.38 and RMB6.07, respectively, per share option*.

* The number of shares, exercise price per share, fair value of per ordinary share, fair value of each share options before the Company's conversion into a joint stock Company were adjusted for the exchange ratio established in the conversion on March 8, 2024.

(b) 2020 Employee Incentive Scheme—RSUs

The qualified participants of the 2020 Employee Incentive Scheme—RSUs are entitled to purchase RSUs at a purchase price of RMB3.20 per share, while they are required to satisfy vesting period until 3 years after the completion of certain events (including a qualified initial public offering, a backdoor listing or be acquired by listed company) for the entitlements of RSUs.

(i) Movement of RSUs granted under 2020 Employee Incentive Scheme—RSUs during the Track Record Period are as follows:

	As at December 31,		As at September 30,
	2023	2024	2025
At the beginning of the year/period	—	2,901,875	2,271,975
Business Combination	2,970,625	—	—
Granted	—	25,000	—
Forfeited	(68,750)	(654,900)	(803,750)
Modified (c)	—	—	(1,468,225)
At the end of the year/period	2,901,875	2,271,975	—

(ii) Faire value of RSUs granted under 2020 Employee Incentive Scheme—RSUs

The fair value of each awarded RSU has been determined with reference to recent market transactions.

(c) 2025 Employee Incentive Scheme—RSUs

For existing holders under 2020 Employee Incentive Scheme—Options, the fair value of the 2025 Employee Incentive Scheme—RSUs on modification date was less than the fair value of the outstanding share options, and vesting period were the same as the terms of the original share options. The modification was not beneficial to the employees, and the Group continued to recognize the services received measured at the grant date fair value of the 2020 Employee Incentive Scheme—Options granted.

For existing holders under 2020 Employee Incentive Scheme-RSUs, the fair value of the 2025 Employee Incentive Scheme—RSUs on modification date is less than the fair value of the outstanding RSUs, and the RSUs are vested immediately without vesting period. The net effect of modification was beneficial to the employees. The Group recognized the remaining services measured at the grant date fair value of 2020 Employee Incentive Scheme-RSUs in full during the nine-month periods of September 30, 2025.

(i) Movements in the number of RSUs granted under 2025 Employee Incentive Scheme—RSUs during the Track Record Period are as follows:

	Number of underlying shares represented by RSUs	**Weighted average fair value per RSU RMB**
Outstanding as at January 1, 2025	—	—
Modified	44,511,744	5.37
Granted	43,242,758	7.05
Vested	(34,425,692)	5.40
Forfeited	(741,196)	7.15
Outstanding as at September 30, 2025	52,587,614	6.71

(ii) Faire value of RSUs granted in 2025 under 2025 Employee Incentive Scheme—RSUs

the Group has used the backsolve method of the market approach to determine the underlying equity fair value of the Company and to determine the fair value of the RSUs granted as at the respective grant date. Key assumptions determined by the Group in relation to the RSUs granted in the nine-month period of September 30, 2025 are set as below:

	Nine months ended September 30, 2025
Risk-free interest rates	1.49%
Volatility	59.83%
Dividend yield	0.00%
Weighted average fair value of the ordinary share on the grant date (RMB)	9.59

The directors estimated the risk-free interest rate based on the government yield. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time. Dividend yield is based on management estimation at the grant date or modification date.

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognized

(i) The components of deferred tax assets/ (liabilities) recognized in the consolidated statement of financial position and the movements during each of the reporting periods:

Deferred tax arising from:	Right-of-use assets	Lease liabilities	Change in FVOCI	Intangible assets arising from business combination	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2022	(1,480)	1,480	—	—	—	—
Credited/(Charged) to profit or loss	27	(27)	—	—	—	—
At December 31, 2022 and January 1, 2023	(1,453)	1,453	—	—	—	—
Business combination (Note 31)	(146)	—	—	(104,325)	104,471	—
Changed to other comprehensive income	—	—	(162)	—	—	(162)
(Charged)/Credited to profit or loss	(1,230)	407	—	1,739	(916)	—
At December 31, 2023 and January 1, 2024	(2,829)	1,860	(162)	(102,586)	103,555	(162)
Credited/(Charged) to profit or loss	1,491	(486)	—	10,432	(11,437)	—
At December 31, 2024 and January 1, 2025	(1,338)	1,374	(162)	(92,154)	92,118	(162)
(Charged)/Credited to profit or loss	3	(376)	—	7,825	(7,452)	—
At September 30, 2025	(1,335)	998	(162)	(84,329)	84,666	(162)

(ii) Reconciliation to the consolidated statement of financial position

	As at December 31,			As at September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets in the consolidated statement of financial position	1,453	105,415	93,492	85,664
Net deferred tax liabilities in the consolidated statement of financial position	(1,453)	(105,577)	(93,654)	(85,826)
	—	(162)	(162)	(162)

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(u), as at December 31, 2022, 2023, 2024 and September 30, 2025, the Company and its subsidiaries have not recognized deferred tax assets in respect of their cumulative tax losses of RMB1,550,049,000, RMB2,978,232,000, RMB4,182,831,000 and RMB5,033,825,000 and temporary differences of RMB245,699,000, RMB466,649,000, RMB706,060,000 and RMB1,006,707,000, respectively, as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entities.

29 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Since the date of incorporation, the Company has completed several rounds of financing by issuing shares with preferred rights to investors, namely, Pre-Series A, Series A-1, Series A-2, Series A+, Series A++, Series B, and Series C financing.

In June 2023, two investors acquired the right to subscribe 1,880,213 shares at an exercise price of RMB1 per share from the founders of the Company at a consideration of RMB35,783,000. The Company agreed to grant preferred rights to the two investors for the shares subscribed at nil consideration. The initial carrying amount of the preferred rights granted to the two investors was regarded as a deemed distribution to shareholders and was recognized against equity under other reserve.

In 2024, the Group entered into a convertible bond investment agreement with three investors to issue the convertible bond for a principal amount of RMB300,000,000. The convertible bond bear interest at 8% per annum. On December 27, 2024, in accordance with the existing agreements, the investors waived the RMB8,077,000 interest of the convertible bond as a capital contribution credited to other reserve account of the Group and converted the convertible bonds into 13,624,700 shares with preferred rights of the Company, at RMB22.0188 per share.

Key preferred rights issued to the Investor are summarized as follows:

• Redemption rights

Shareholders with preferred rights have the right to require the Company to redeem all or part of the shares at any time upon occurrence of specified triggering events, including a non-completion of a qualified IPO by a predetermined date; and Shanghai Bonasi Enterprise Management Center (Limited Partnership), Jiaxing Aixin Enterprise Management Center (Limited Partnership), Jiaxing Zhixin Enterprise Management Center (Limited Partnership) or the Company of the group seriously violating or failing to fulfill the provisions of any transaction documents.

The redemption price is calculated at the issue price plus all declared but unpaid dividends on such shares, and accrued interests at compound rate of 6% or 8% per annum.

• Presentation and classification

The Company’s obligation to redeem the shares upon the occurrence of specified events, which are beyond its control, gives rise to a financial liability that is measured at the present value of the redemption price, which represents the settlement that would be triggered by the event with the highest settlement outcome. Subsequent to initial recognition, the financial liability is stated at amortized cost. Changes in the carrying amount of the financial liability arising from remeasurement of the redemption amount are recognized in profit or loss as “Changes in carrying amount of redemption liabilities”.

As at December 31, 2022, 2023 and 2024 and September 30, 2025, the shares with preferred rights were classified as current liabilities as the shares with preferred rights may be converted into ordinary shares at the option of the Shareholder with preferred rights at any time and the conversion feature does not meet “fixed for fixed” criteria. The movements of the financial liabilities arising from redemption rights issued to investors during the Track Record Period are set out as below:

The Group and the Company

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
At the beginning of the year	1,584,734	1,981,118	2,852,385	4,444,742
Recognition of financial instruments issued to investors	265,000	713,521	1,367,362	1,786,198
Changes in the carrying amount	131,384	157,746	224,995	294,973
At the end of the year	1,981,118	2,852,385	4,444,742	6,525,913

Pursuant to the special rights termination agreement signed by the Company and the Pre-IPO Investors in June 2025, the redemption rights were terminated with effect from the day immediately preceding the date on which the Company first submits the listing application to the Stock Exchange and all other special rights of the Pre-IPO Investors shall be terminated upon the Listing, provided that all such special rights shall automatically be reinstated upon the earliest occurrence of any of the followings: (a) the Company withdraws its listing application; (b) the listing application is rejected by the CSRC or the relevant stock exchange (including but not limited to the Stock Exchange); or (c) the qualified IPO does not occur by December 31, 2027.

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Paid-in capital/share capital	Capital reserve	Shares held for employee incentive scheme	Share-based payments reserve	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Total Deficit
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2022		216,261	(138,556)	(26,000)	154,149	—	—	(307,774)	(101,920)
Changes in equity for 2022:									
Loss for the year		—	—	—	—	—	—	(351,181)	(351,181)
Total comprehensive income		—	—	—	—	—	—	(351,181)	(351,181)
Issuance of financial instruments to investors	*29, 30(c)(i)*	3,966	261,034	—	—	—	—	—	265,000
Recognition of financial instruments issued to investors	*29*	—	(265,000)	—	—	—	—	—	(265,000)
Equity settled share-based payment	*27*	—	—	—	36,104	—	—	—	36,104
Balance at December 31, 2022 and January 1, 2023		220,227	(142,522)	(26,000)	190,253	—	—	(658,955)	(416,997)
Changes in equity for 2023:									
Loss for the year		—	—	—	—	—	—	(380,664)	(380,664)
Other comprehensive income		—	—	—	—	921	—	—	921
Total comprehensive income		—	—	—	—	921	—	(380,664)	(379,743)
Capital contribution	*30(c)(i)*	76,177	—	(53,270)	—	—	—	—	22,907
Issuance of financial instruments to investors	*29, 31, 30(c)(i)*	34,367	645,250	—	—	—	(7,015)	—	672,602
Recognition of financial instruments issued to investors	*29*	—	(679,617)	—	—	—	(33,904)	—	(713,521)
Equity settled share-based payment	*27*	—	—	—	45,223	—	—	—	45,223

	Note	Paid-in capital/share capital	Capital reserve	Shares held for employee incentive scheme	Share-based payments reserve	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Total Deficit
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at December 31, 2023 and January 1, 2024		330,771	(176,889)	(79,270)	235,476	921	(40,919)	(1,039,619)	(769,529)
Changes in equity for 2024:									
Loss for the year		—	—	—	—	—	—	(356,605)	(356,605)
Total comprehensive income		—	—	—	—	—	—	(356,605)	(356,605)
Conversion to a joint stock company	*30(c)(ii)*	—	(403,560)	—	—	—	—	403,560	—
Issuance of financial instruments to investors	*29, 30(c)(ii)*	63,210	1,304,152	—	—	—	8,077	—	1,375,439
Recognition of financial instruments issued to investors	*29*	—	(1,367,362)	—	—	—	—	—	(1,367,362)
Equity settled share-based payment	*27*	—	—	—	50,075	—	—	—	50,075
Balance at December 31, 2024 and January 1, 2025		393,981	(643,659)	(79,270)	285,551	921	(32,842)	(992,664)	(1,067,982)
Changes in equity for the nine months ended September 30, 2025:									
Loss for the period		—	—	—	—	—	—	(353,237)	(353,237)
Total comprehensive income		—	—	—	—	—	—	(353,237)	(353,237)
Issuance of financial instruments to investors	*29, 30(c)(ii)*	81,121	1,685,077	—	—	—	—	—	1,766,198
Recognition of financial instruments issued to investors	*29*	—	(1,786,198)	—	—	—	—	—	(1,786,198)
Issuance of ordinary shares held for employee incentive scheme	*30(c)(ii)*	7,743	13,057	(20,800)	—	—	—	—	—
Equity settled share-based payment	*27*	—	—	—	107,305	—	—	—	107,305
Balance at September 30, 2025		482,845	(731,723)	(100,070)	392,856	921	(32,842)	(1,345,901)	(1,333,914)

(unaudited)	Note	Paid-in capital/share capital	Capital reserve	Shares held for employee incentive scheme	Share-based payments reserve	Fair value reserve (non-recycling)	Other reserves	Accumulated losses	Total Deficit
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at December 31, 2023 and January 1, 2024		330,771	(176,889)	(79,270)	235,476	921	(40,919)	(1,039,619)	(769,529)
Changes in equity for the nine months ended September 30, 2024:									
Loss for the period		—	—	—	—	—	—	(227,915)	(227,915)
Total comprehensive income		—	—	—	—	—	—	(227,915)	(227,915)
Conversion to a joint stock company	*30(c)(ii)*	—	(403,560)	—	—	—	—	403,560	—
Issuance of financial instruments to investors	*29, 30(c)(ii)*	28,013	564,349	—	—	—	—	—	592,362
Recognition of financial instruments issued to investors	*29*	—	(592,362)	—	—	—	—	—	(592,362)
Equity settled share-based payment	*27*	—	—	—	37,173	—	—	—	37,173
Balance at September 30, 2024		358,784	(608,462)	(79,270)	272,649	921	(40,919)	(863,974)	(960,271)

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during each of the reporting period.

(c) Paid-in capital/share capital

(i) Paid-in capital

	Paid-in Capital
	RMB'000
Balance at January 1, 2022	216,261
Issuance of financial instruments to investors(a)	3,966
Balance at December 31, 2022 and January 1, 2023	220,227
Capital contribution from shareholders	76,177
Issuance of financial instruments to investors(b)	34,367
Balance at December 31, 2023 and January 1, 2024	330,771
Conversion into a joint stock company (Note 30(c)(ii))	(330,771)
Balance at December 31, 2024 and September 30, 2025	—

(a) In January and February 2022, the Company entered into investment agreement of Series A++ shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB265,000,000 to the Company, as partial consideration of subscription for the Company's paid-in capital of RMB3,966,000.

(b) In June and December 2023, the Company entered into investment agreement of Series B shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB679,617,000 to the Company, as partial consideration of subscription for the Company's paid-in capital of RMB34,367,000.

(ii) Share capital

Issued and fully paid:

	Numbers of ordinary shares	**Share capital**
	'000	*RMB'000*
Balance at December 31, 2023 and January 1, 2024	—	—
Issue of ordinary shares upon conversion into a joint stock company(c)	330,771	330,771
Issuance of financial instruments to investors(d)	63,210	63,210
Balance at December 31, 2024 and January 1, 2025	393,981	393,981
Issuance of ordinary shares held for the employee incentive scheme (e)	7,743	7,743
Issuance of financial instruments to investors(f)	81,121	81,121
Balance at September 30, 2025	482,845	482,845

(c) In March 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 330,771,000 ordinary shares at RMB1.00 each.

(d) In April and December 2024, the Company entered into investment agreement of Series B and Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB1,367,362,000 to the Company, as partial consideration of subscription for the Company's share capital of RMB63,210,000.

(e) In May 2025, the Group had issued 7,743,000 ordinary shares of the Company under the 2025 Employee Incentive Scheme—RSUs for replacement of outstanding scheme and new incentives for qualified participants under 2025 Employee Incentive Scheme-RSUs as described in Note 27.

(f) In March 2025, the Company entered into an additional investment agreement of Series C shares with preferred rights with certain investors, pursuant to which, the investors agreed to make investments of RMB375,000,000 to the Company, as consideration of subscription for the Company's share capital of RMB17,031,000. The related incremental cost of this transaction is RMB20,000,000, which was recognized against equity under capital reserve.

As disclosed in Note 23(i), the advance from investors of RMB250,000,000 in 2024 had been completed to register as Series C shares with preferred right, as consideration of subscription for the Company's share capital of RMB11,354,000.

As disclosure in Note 31, the Company issued 52,736,585 Series C shares with preferred rights for RMB1,161,198,000 for acquisition of non-controlling interest of Zhejiang Huatu, as consideration of subscription for the Company's share capital of RMB52,736,000.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of share capital issued by the Company; and (ii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; (iii) the amounts in relation to the recognition of the redemption liabilities as set out in Note 29.

(ii) Shares held for employee incentive scheme

As described in Note 27, as at December 31, 2022, 2023, 2024 and September 30, 2025, the 26,000,000, 79,270,000, 79,270,000 and 87,013,000 shares were held by employee incentive platforms.

(iii) Share-based payment reserve

The share-based payment reserve represents the portion of the grant date fair value of restricted share-based units granted to the directors and employees of the Group that has been recognized in accordance with the accounting policy adopted for share-based payment in Note 2(t)(ii).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(x).

(v) Fair value reserves (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(g)(i)).

(vi) Other reserve

Other reserve represents the amount arising from the adjustment of financial instruments issued to investors as described in Note 29 and transaction with non-controlling shareholders ("NCI holders) as described in Note 31.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

31 BUSINESS COMBINATION NOT UNDER COMMON CONTROL

Acquisition of Zhejiang Huatu

In 2023, the Group entered into a number of separate share purchase agreements with certain of the then shareholders of Zhejiang Huatu to acquire the equity interests in Zhejiang Huatu. Upon the completion of these transactions, Zhejiang Huatu has become a subsidiary of the Group since October 31, 2023, the details are set below:

1) Acquisition of 15.99% equity interests in Zhejiang Huatu ("Step 1")

On May 31, 2023, the Company entered into the share purchase agreements with certain of the then shareholders of Zhejiang Huatu to acquire 21.50% equity interests in Zhejiang Huatu at an aggregate consideration of RMB537,664,000.

Among which, the Company acquired the 15.99% equity interests in Zhejiang Huatu by the end of June 2023 and a cash consideration of RMB399,840,000 was fully paid by July 4, 2023. After the above acquisition, Zhejiang Huatu became an associate of the Group which had since been accounted for using the equity method in Historical Financial Information.

As at December 31, 2024 and 2023, the acquisition of the remaining 5.51% equity interests in Zhejiang Huatu with cash consideration of RMB137,824,000 was not completed and was subject to the filing of local regulator as required in shares purchase agreements. The Company prepaid the cash consideration of RMB137,824,000 in 2023.

2) Deed of acting in concert on 7.21% voting right of Zhejiang Huatu ("Step 2")

As described in Note 27(b), Zhejiang Huatu adopted 2020 Employee Incentive Scheme—RSUs to reward directors and employees. The total underlying 7.21% interests of Zhejiang Huatu under this employee incentive scheme is held by employee incentive platforms, which are limited partnership specially established for employee incentive scheme.

In September 2023, the Company entered into a deed of acting in concert on 7.21% voting right of Zhejiang Huatu with employee incentive platforms. These employee incentive platforms agreed to act in concert with the Company in accordance with the Company's instruction for all interests held by them.

Accordingly, the Company obtained the 7.21% voting right through the deed of acting in concert.

3) Acquisition of additional 26.94% equity interests in Zhejiang Huatu ("Step 3")

On October 31, 2023, the Company entered into the share purchase agreements with certain of the then shareholders of Zhejiang Huatu to acquire 26.94% equity interests in Zhejiang Huatu at a total consideration of RMB698,866,000 by issuance of 33,381,164 series B shares with preferred rights with RMB21.1461 per share of which 5,368,386 of shares, equivalent to RMB113,520,000, was issued during the year. The RMB7,015,000 difference of the fair value and the par value of RMB705,882,000 is recognized in equity as "other reserve" in the consolidated statements of changes in equity.

The acquisition of these 26.94% equity interests in Zhejiang Huatu was completed on October 31, 2023. Since then the Company has obtained 50.14% of voting rights at the shareholders' meetings of Zhejiang Huatu, and the directors have determined that the Group has obtained control over Zhejiang Huatu from this date.

Taking control of Zhejiang Huatu will enable the Group to expand its product application areas and the share of on-device computing and smart driving applications market. The Group also expects to reduce operation costs through economies of scale.

As at acquisition date (i.e. October 31, 2023), the fair value of the 15.99% equity interests as an associate of the Group acquired at the Step 1 formed part of the total consideration of the step acquisition and was included in the calculation of goodwill on the step acquisition. The Group recognized a gain on deemed disposal of an associate of RMB14,165,000 in connection with the re-measurement of the 15.99% share of interests previously held as an associate at fair value.

	October 31, 2023
	RMB'000
Initial investment	399,840
Share of losses before combination	(4,661)
Book value at acquisition date	395,179
Less: Fair value of previously held interests in Zhejiang Huatu	(409,344)
Gain on deemed disposal of an associate.	(14,165)

As at December 31, 2023, outstanding payables for business combination of Zhejiang Huatu was RMB592,362,000, which was fully settled by issuance of 28,012,778 series B shares with preferred rights on April 28, 2024.

The acquired business contributed revenue of approximately RMB192,627,000 and net profit of approximately RMB17,027,000 to the Group for the period from October 31, 2023, the acquisition date, to December 31, 2023. If the acquisition of Zhejiang Huatu had occurred on January 1, 2023, the management estimates that the consolidated pro-forma revenue and net loss for the year ended December 31, 2023 would have been approximately RMB411,784,000 and approximately RMB94,303,000, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been in the same if the acquisition had occurred on January 1, 2023.

During the nine months ended September 30, 2025, the Group further acquired an additional 41.95% of the equity interests in Zhejiang Huatu from then shareholders by issuance of 52,736,585 Series C shares with preferred rights for RMB1,161,198,000 and payment of total cash consideration of RMB181,824,000 including the prepayments of RMB137,824,000. As a result, the Group's effective interest in Zhejiang Huatu increase to 100% as the remaining interests were held by employee incentive platforms controlled by the Group.

As described above, the Group purchased certain non-controlling interests from NCI holders with share and cash considerations. The Company derecognized the non-controlling interests held by NCI holders of RMB167,109,000 accordingly with a corresponding adjustment of RMB1,175,913,000 to other reserves.

(i) Acquisition-related costs

The Group incurred acquisition-related costs of RMB1,500,000 on legal fees and due diligence costs. These costs have been included in general and administration expenses in the consolidated statement of profit or loss.

(ii) Identifiable assets acquired and liabilities assumed

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	Recognized values on date of acquisition
	RMB'000
Deferred tax assets	104,471
Property, plant and equipment	7,795
Right-of-use assets	1,148
Intangible assets	465,485
Inventories	131,672
Trade receivables	27,545
Prepayments and other receivables	35,688
Cash and cash equivalents	92,841
Trade and bill payables	(33,379)
Contract liabilities	(11,176)
Bank loans	(148,953)
Other payables and accrued expenses	(102,748)
Deferred tax liabilities	(104,471)
Total identifiable net assets acquired	465,918

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	October 31, 2023
	RMB'000
Fair value of pre-existing interest in Zhejiang Huatu	409,344
NCI, based on their proportionate interest in the recognized amounts of the assets and liabilities of Zhejiang Huatu	265,878
Fair value of issuance on financial instruments to investors(a)	698,866
Less: Total identifiable net assets acquired	(465,918)
Goodwill	908,170

(a) The fair value of financial instruments issued to investors has been determined with reference to recent market transactions.

(iv) Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables.

The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The trade receivables from the Group's five largest customers at December 31, 2022, 2023 and 2024 and September 30, 2025 represented 100%, 94.24%, 85.03% and 81.70% of the total trade receivables respectively.

At December 31, 2023, 2024 and September 30, 2025, the Group's trade receivables of RMB3,477,000, RMB13,613,000 and RMB7,150,000, respectively, were individually determined to be impaired due to the customers were in financial difficulties. For the provision matrix method, as the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on aging information is not further distinguished between the Group's different customer bases.

The following tables provides information about the Group's exposure to credit risk and ECLs for trade receivables by using a provision matrix:

	As at December 31, 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Aging 1–90 days	—	25,723	—
Aging 91–180 days	—	568	—
Aging 181–270 days	—	158	—
		26,449	—

	As at December 31, 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Aging 1–90 days	0.04	159,095	66
Aging 91–180 days	0.91	20,164	184
Aging 181–270 days	2.63	38	1
Aging 271–365 days	3.85	26	1
More than 1 year	60.04	453	272
		179,776	524

	As at December 31, 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Aging 1–90 days	0.26	187,432	495
Aging 91–180 days	0.86	33,476	287
Aging 181–270 days	2.69	446	12
Aging 271–365 days	5.37	242	13
More than 1 year	31.22	1,829	571
		223,425	1,378

	As at September 30, 2025		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Aging 1–90 days	1.10	42,075	461
Aging 91–180 days	1.96	12,422	243
Aging 181–270 days	6.92	318	22
Aging 271–365 days	17.61	5,405	952
More than 1 year	53.41	2,024	1,081
		62,244	2,759

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1	—	—	4,001	14,991
Expected credit losses during the year/period	—	326	10,990	(5,082)
Business combination	—	3,675	—	—
Balance at December 31/September 30	—	4,001	14,991	9,909

Other receivables and deposits

Credit risk in respect of other receivables and deposits is limited since the balance mainly includes deposits to suppliers.

The Group measures loss allowances for other receivables and deposits at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Movement in the loss allowance account in respect of other receivables during the Track Record Period is as follows:

	As at December 31,			As at September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1	—	—	1,001	1,043
Expected credit losses during the year/period	—	1,001	42	(1)
Balance at December 31/September 30	—	1,001	1,043	1,042

(b) Liquidity risk

The Group's policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay.

At December 31, 2022

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	30,840	—	—	—	30,840	30,000
Trade and bill payables	25,744	—	—	—	25,744	25,744
Other payables and accruals	34,349	5,536	—	—	39,885	39,885
Lease liabilities	7,178	3,085	—	—	10,263	9,935
Financial instruments issued to investors	1,981,118	—	—	—	1,981,118	1,981,118
	2,079,229	8,621	—	—	2,087,850	2,086,682

At December 31, 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	160,254	45,236	176,970	6,438	388,898	338,028
Trade and bill payables	53,359	—	—	—	53,359	53,359
Other payables and accruals	695,979	5,666	—	—	701,645	701,645
Lease liabilities	8,761	4,369	—	—	13,130	11,983
Financial instruments issued to investors	2,852,385	—	—	—	2,852,385	2,852,385
	3,770,738	55,271	176,970	6,438	4,009,417	3,957,400

At December 31, 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at December 31
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	295,309	45,254	147,127	1,491	489,181	445,157
Trade and bill payables	92,581	—	—	—	92,581	92,581
Other payables and accruals	295,740	—	—	—	295,740	295,740
Lease liabilities	9,709	2,749	1,591	—	14,049	12,606
Financial instruments issued to investors	4,444,742	—	—	—	4,444,742	4,444,742
	5,138,081	48,003	148,718	1,491	5,336,293	5,290,826

	At September 30, 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at September 30
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	320,467	96,301	312,904	—	729,673	698,067
Trade and bill payables	213,337	—	—	—	213,337	213,337
Other payables and accruals	46,181	—	—	—	46,181	46,181
Lease liabilities	3,976	1,156	1,074	—	6,206	6,008
Financial instruments issued to investors	6,525,913	—	—	—	6,525,913	6,525,913
	7,109,874	97,457	313,978	—	7,521,309	7,489,506

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from time deposits, cash at bank and interest-bearing borrowings. The Group's interest-bearing financial instruments at fixed interest rates at the end of the reporting period are borrowings. The Group's interest-bearing financial instruments at variable interest rates at the end of the reporting period are cash and cash equivalents, and the change of market interest rate does not expose the Group to significant interest rate risk. Overall, the Group's exposure to interest rate risk is not significant.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting periods to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB'000)							
	As at December 31,						As at September 30,	
	2022		2023		2024		2025	
	USD RMB'000	*JPY RMB'000*	*USD RMB'000*	*JPY RMB'000*	*USD RMB'000*	*JPY RMB'000*	*USD RMB'000*	*JPY RMB'000*
Cash and cash equivalents	4,055	1,248	2,540	1,479	3,170	695	12,089	2,014
Other receivables	—	47	—	75	2,516	75	2,091	77
Trade receivables	726	—	20,920	—	4,370	—	3,059	—
Trade and bill payables	(11,836)	—	(20,760)	—	(11,540)	—	(4,120)	—
Gross exposure arising from recognized assets and liabilities	(7,055)	1,295	2,700	1,554	(1,484)	770	(13,119)	2,091
Net exposure arising from recognized assets and liabilities	(7,055)	1,295	2,700	1,554	(1,484)	770	(13,119)	2,091

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and net parent investment that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and net parent investment
		RMB'000
2022		
USD	5%	(353)
	-5%	353
JPY	5%	65
	-5%	(65)
2023		
USD	5%	135
	-5%	(135)
JPY	5%	78
	-5%	(78)
2024		
USD	5%	(74)
	-5%	74
JPY	5%	39
	-5%	(39)
September 30, 2025		
USD	5%	656
	-5%	(656)
JPY	5%	105
	-5%	(105)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 2 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

		Fair value measurements as at December 31, 2022 categorized into		
	Fair value at December 31, 2022	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
- Wealth management products	631,927	—	631,927	—
Financial assets at FVOCI:				
- Unlisted equity investment	9,859	—	9,859	—
	641,786	—	641,786	—

		Fair value measurements as at December 31, 2023 categorized into		
	Fair value at December 31, 2023	**Level 1**	**Level 2**	**Level 3**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
- Wealth management products	100,064	—	100,064	—
Financial assets at FVOCI:				
- Unlisted equity investment	14,942	—	14,942	—
	115,006	—	115,006	—

	Fair value at December 31, 2024	Fair value measurements as at December 31, 2024 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVOCI:				
- Unlisted equity investment	14,942	—	14,942	—

	Fair value at September 30, 2025	Fair value measurements as at September 30, 2025 categorized into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets at FVPL:				
- Wealth management products	371,064	—	371,064	—
- Forward foreign exchange contracts	2,630	—	2,630	—
- A convertible loan receivable	3,036	—	3,036	—
Financial assets at FVOCI:				
- Unlisted equity investment	14,942	—	14,942	—
	391,672	—	391,672	—

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of forward foreign exchange contracts is determined with reference to the difference between the contractual forward price and the forward rate as of reporting period end.

The fair value of the convertible loan receivable is determined by using a discounted cash flow valuation model using the contract interest rate. As the conversion right of the convertible loan receivable is exercisable at the fair value of the equity price, such conversion rights always has a fair value of zero.

The fair value of equity investment is determined by recent financing provided by independent third-party.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at December 31, 2022, 2023 and 2024 and September 30, 2025.

33 COMMITMENTS

Commitments outstanding at the end of each reporting period not provided for in the Historical Financial Information were as follows:

	As at December 31,			As at September 30
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for				
Purchase of right-of-use assets	10,263	13,160	14,049	—
Purchase of intangible assets	—	—	—	140,742
Purchase of investment	—	—	—	1,200

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Names and relationship of the related parties that had material transactions with the Group during the Track Record Period

Name of the related party	Relationship
Gettop Acoustic Co.,Ltd ("Gettop Acoustic") ("共達電聲股份有限公司")*	Entity controlled by a director of the Company, being the related party of the Company after April 2024
Shanghai Jinling Enterprise Management Consulting Co., Ltd. ("Shanghai Jinling") ("上海衿凌企業管理咨詢有限公司")*	Entity controlled by Dr. QIU XIAOXIN
Mr. Liu Jianwei	Director of the Company

* The English name is translated from its registered Chinese name for identification purpose only.

(b) Transactions with related parties

	Year ended December 31,			Nine months ended September 30,
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sales of goods to:				
- Gettop Acoustic	—	—	5,966	4,025
Increase in advance to:				
- Shanghai Jinling	—	250	—	—
Increase in advance from:				
- Mr. Liu Jianwei	—	3,548	—	—
Decrease in advance from:				
- Mr. Liu Jianwei	—	—	100	—

(c) Balance with related parties

	As at December 31,			As at September 30
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature:				
Trade receivables:				
- Gettop Acoustic	—	—	1,705	902
Non-trade in nature:				
Advances to a related party:				
- Shanghai Jinling	—	250	250	250
Advance from a related party				
- Mr. Liu Jianwei	—	3,548	3,448	3,448

Note:

(i) Advance from/to a related party are unsecured and interest-free. Advance from/to a related party is non-trade nature as December 31, 2023 and 2024, and September 30, 2025. The balance with related parties is the interest-free payables which will be settled upon listing of the Company's shares on the Stock Exchange.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors and supervisors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,			Nine months ended September 30,
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Salaries, wages and benefits in kind	11,950	14,191	20,052	9,239
Discretionary bonuses	3,785	1,870	799	2,577
Retirement scheme contributions	779	799	990	506
Equity settled share-based payment	10,756	14,972	27,464	23,674
	27,270	31,832	49,305	35,996

Total remuneration is included in staff costs (see Note 6(b)).

35 PRE-ACQUISITION CONSOLIDATED FINANCIAL INFORMATION OF ZHEJIANG HUATU

The following Pre-acquisition consolidated financial information of Zhejiang Huatu from January 1, 2022 to October 31, 2023 ("Pre-acquisition Period") presented with Rule 4.05A of the Listing Rules is disclosed below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of the Historical Financial Information as set out in Note 2 above.

(A) Consolidated statements of profit or loss and other comprehensive income
(Expressed in RMB)

	Note	Year ended December 31, 2022	Ten months ended October 31, 2023
		RMB'000	*RMB'000*
Revenue	*(1)*	480,271	219,157
Cost of sales		(358,774)	(185,713)
Gross profit		121,497	33,444
Other income	*(2)*	18,073	36,906
Other net (losses)/gains	*(3)*	(2,934)	63
Sales and marketing expenses		(9,589)	(5,395)
General and administrative expenses		(32,264)	(19,446)
Research and development expenses		(149,140)	(117,329)
Expected credit (losses)/reversal on financial assets	*(4)*	(3,044)	60
Loss from operations		(57,401)	(71,697)
Finance income		343	440
Finance costs		(6,128)	(5,300)
Net finance costs	*(4)*	(5,785)	(4,860)
Loss before taxation	*(4)*	(63,186)	(76,557)
Income tax	*(5)*	—	—
Loss and total comprehensive income for the year/period		(63,186)	(76,557)

(B) Consolidated statements of financial position
(Expressed in RMB)

	Note	As at December 31, 2022	As at October 31, 2023
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*(6)*	12,106	7,795
Right-of-use assets	*(7)*	4,274	1,148
Intangible assets	*(8)*	58,773	48,185
Prepayments and other receivables	*(11)*	6,930	7,102
		82,083	64,230
Current assets			
Inventories	*(9)*	145,553	131,672
Prepayments and other receivables	*(11)*	25,666	28,586
Trade receivables	*(10)*	146,795	27,545
Cash and cash equivalents		38,274	92,841
		356,288	280,644

	Note	As at December 31, 2022	As at October 31, 2023
		RMB'000	RMB'000
Current liabilities			
Trade and bill payables	(13)	61,655	33,379
Other payables and accruals	(14)	113,255	102,748
Bank loans	(16)	129,403	148,953
Contract liabilities	(15)	6,724	11,176
Lease liabilities	(17)	3,906	—
		314,943	296,256
Net current assets/(liabilities)		41,345	(15,612)
Total assets less current liabilities		123,428	48,618
Non-current liabilities			
Lease liabilities	(17)	70	—
NET ASSETS		123,358	48,618
CAPITAL AND RESERVES			
Paid-in capital		104,000	104,000
Reserves		19,358	(55,382)
TOTAL EQUITY		123,358	48,618

(C) Statements of financial position of Zhejiang Huatu
(Expressed in RMB)

	As at December 31, 2022	As at October 31, 2023
	RMB'000	RMB'000
Non-current assets		
Investment in subsidiaries	294,851	293,563
Property, plant and equipment	10	10
	294,861	293,573
Current assets		
Prepayments and other receivables	28	32
Cash and cash equivalents	1,450	123
	1,478	155

	As at December 31, 2022	As at October 31, 2023
	RMB'000	RMB'000
Current liabilities		
Other payables and accruals	52,770	52,000
Net current liabilities	(51,292)	(51,845)
Total assets less current liabilities	243,569	241,728
NET ASSETS	243,569	241,728
CAPITAL AND RESERVES		
Paid-in capital	104,000	104,000
Reserves	139,569	137,728
TOTAL EQUITY	243,569	241,728

(D) Consolidated statements of changes in equity
(Expressed in RMB)

	Attributable to equity shareholders of Zhejiang Huatu						
	Paid-in capital	Capital Reserve	Treasury shares	Share-based payments reserve	Other reserves	Accumulated losses	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022	103,988	386,009	(24,000)	6,570	1,397	(297,716)	176,248
Changes in equity for 2022:							
Loss for the year	—	—	—	—	—	(63,186)	(63,186)
Total comprehensive income	—	—	—	—	—	(63,186)	(63,186)
Capital contribution	12	188	—	—	—	—	200
Equity settled share-based payment	—	—	—	10,096	—	—	10,096
Balance at December 31, 2022 and January 1, 2023	104,000	386,197	(24,000)	16,666	1,397	(360,902)	123,358
Changes in equity for ten months ended October 31, 2023:							
Loss for the period	—	—	—	—	—	(76,557)	(76,557)
Total comprehensive income	—	—	—	—	—	(76,557)	(76,557)
Equity settled share-based payment	—	—	—	1,817	—	—	1,817
Balance at October 31, 2023	104,000	386,197	(24,000)	18,483	1,397	(437,459)	48,618

(E) Consolidated statements of cash flows
(Expressed in RMB)

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Operating activities:		
Cash (used in)/generated from operations	(113,531)	58,186
Income tax paid	—	—
Net cash (used in)/generated from operating activities	(113,531)	58,186
Investing activities:		
Payment for the purchase of property, plant and equipment and intangible assets	(30,878)	(11,167)
Proceeds from disposal of property, plant and equipment	30	119
Payments for acquisition of subsidiaries	(84,000)	(3,200)
Net cash used in investing activities	(114,848)	(14,248)
Financing activities:		
Capital element of lease rentals paid	(4,178)	(3,976)
Interest element of lease rentals paid	(261)	(73)
Capital contributions by investors	200	—
Proceeds from bank loans	171,163	144,289
Repayment of bank loans	(44,830)	(124,857)
Interest of bank loans paid	(2,725)	(4,183)
Net cash generated from financing activities	119,369	11,200
Net (decrease)/increase in cash and cash equivalents	(109,010)	55,138
Cash and cash equivalents at January 1,	147,035	38,274
Effect of foreign exchange rate changes	249	(571)
Cash and cash equivalents at December 31,	38,274	92,841

(1) Revenue and segment reporting

(a) Revenue

The principal activities of Zhejiang Huatu and its subsidiaries are the sales of semiconductor products and provision of related services.

(i) Disaggregation of revenue

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

	Year ended December 31,	Ten months ended October 31,
	2022	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Recognized at a point in time		
Disaggregated by major products/services		
- Product	478,327	217,436
- Technical service and others	1,944	1,721
	480,271	219,157

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

As at December 31, 2022 and October 31, 2023, the remaining performance obligations (unsatisfied or partially unsatisfied) for contracts with customers are part of contracts that have original expected duration of one year or less. Zhejiang Huatu has elected the practical expedient and not disclosed the transaction price allocated to the performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by Zhejiang Huatu's chief operating decision maker for the purpose of resources allocation and performance assessment. Zhejiang Huatu manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. On this basis, Zhejiang Huatu has determined that it only has one operating segment which is the sales of semiconductor products and related service.

Accordingly no reportable segment information is presented.

(c) Geographical information

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

	Year ended December 31,	Ten months ended October 31,
	2022	2023
	RMB'000	*RMB'000*
Chinese mainland	278,782	207,269
Others	201,489	11,888
	480,271	219,157

All the non-current assets of the Zhejiang Huatu and its subsidiaries located in the Chinese mainland.

(2) Other income

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Government grants (Note (i))	17,612	35,990
Others	461	916
	18,073	36,906

Note:

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

(3) Other net (losses)/gains

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Net gains/(losses) on disposal of property, plant and equipment	21	(138)
Net foreign exchange (losses)/gains	(2,955)	201
	(2,934)	63

(4) Loss before taxation

(a) Net finance costs

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Interest income	(343)	(440)
Interest expense on bank loans	2,962	4,700
Interest expense on payables for acquisition of subsidiaries	2,905	527
Interest expense on lease liabilities	261	73
	5,785	4,860

(b) Staff costs

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	130,167	83,333
Contributions to defined contribution retirement plans (Note(i))	4,871	3,374
Equity-settled share-based payment expenses (Note(ii))	10,096	1,817
	145,134	88,524

Notes:

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

(ii) As described in Note 27(b), movement of RSUs granted under 2020 Employee Incentive Scheme – RSUs during the year/period are as follows:

	As at December 31, 2022	As at October 31, 2023
At the beginning of the year	5,928,125	5,059,375
Granted	100,000	—
Forfeited	(968,750)	(2,088,750)
At the end of the year/period	5,059,375	2,970,625

Zhejiang Huatu has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Cost of inventories sold	358,774	185,713
Depreciation charges:		
- property, plant and equipment	6,230	5,766
- right-of-use assets	3,815	3,126
Amortization cost of intangible assets	18,067	19,438
Expense relating to short-term leases	521	863
Research and development expenses	149,140	117,329
Expected credit losses/(reversal) on trade receivables and other receivables	3,044	(60)

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

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

Zhejiang Huatu and its subsidiaries are subject to tax on an entity basis on profits arising in or derived from the jurisdictions in which members of Zhejiang Huatu are domiciled and operate.

Pursuant to the Corporate Income Tax Law of Chinese Mainland (the "CIT"), Zhejiang Huatu and its subsidiaries are subject to the CIT at a rate of 25% unless otherwise specified.

Pursuant to the PRC Corporate Income Tax Law and its relevant regulations, entities that qualified as a high technology enterprise" ("HNTE") are entitled to a preferential income tax of 15%. Zhejiang Xinsheng Electronic Technology Co., Ltd. was qualified as HNTEs in 2021, hence, this subsidiary enjoys a preferential income tax of 15% from the year of 2021 to 2023.

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

	Year ended December 31,	Ten months ended October 31,
	2022	2023
	RMB'000	*RMB'000*
Loss before taxation	(63,186)	(76,557)
Notional tax on loss before taxation calculated at the rates applicable to profits in the jurisdiction concerned	(16,285)	(19,181)
Tax effect of preferential tax rate	6,065	7,549
Tax effect of non-deductible expenses	1,928	291
Tax effect of additional deduction on research and development expenses (Note)	(18,858)	(17,599)
Tax effect of deductible temporary differences and unused tax losses not recognized	27,150	28,940
Actual tax expense	—	—

Notes:

According to the tax incentive policies promulgated by the State Tax Bureau of the PRC, which were effective from January 1, 2018 to September 30, 2022, an additional 75% of qualified research and development expenses incurred would be allowed to be deducted from the taxable income.

According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in September 2022, an additional 100% of qualified expenses incurred from October 1, 2022 to December 31, 2022 is allowed to be deducted from the taxable income.

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

(6) Property, plant and equipment

	Equipment and machinery	Office equipment and furniture	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	11,975	6,604	2,210	20,789
Additions	4,640	1,056	210	5,906
Disposals	(66)	(10)	—	(76)
At December 31, 2022 and January 1, 2023	16,549	7,650	2,420	26,619
Additions	1,583	91	—	1,674
Disposals	(456)	(350)	—	(806)

	Equipment and machinery	Office equipment and furniture	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At October 31, 2023	17,676	7,391	2,420	27,487
Accumulated depreciation:				
At January 1, 2022	(5,418)	(2,384)	(548)	(8,350)
Charge for the year	(3,576)	(1,881)	(773)	(6,230)
Written back on disposals	62	5	—	67
At December 31, 2022 and January 1, 2023	(8,932)	(4,260)	(1,321)	(14,513)
Charge for the period	(3,550)	(1,572)	(644)	(5,766)
Written back on disposals	343	244	—	587
At October 31, 2023	(12,139)	(5,588)	(1,965)	(19,692)
Net book value:				
At December 31, 2022	7,617	3,390	1,099	12,106
At October 31, 2023	5,537	1,803	455	7,795

(7) Right-of-use assets

	Office buildings
	RMB'000
Cost:	
At January 1, 2022	10,910
Additions	283
At December 31, 2022 and January 1, 2023	11,193
Disposals	(1,214)
At October 31, 2023	9,979
Accumulated depreciation:	
At January 1, 2022	(3,104)
Charge for the year	(3,815)
At December 31, 2022 and January 1, 2023	(6,919)
Charge for the period	(3,126)
Written back on disposals	1,214
At October 31, 2023	(8,831)
Net book value:	
At December 31, 2022	4,274
At October 31, 2023	1,148

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

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
Office buildings	3,815	3,126
Interest expense on lease liabilities	261	73
Expense relating to short-term leases	521	863

(8) Intangible assets

	IP license	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2022	42,102	28,010	3,510	73,622
Additions	14,713	—	1,919	16,632
At December 31, 2022 and January 1, 2023	56,815	28,010	5,429	90,254
Additions	7,597	—	1,291	8,888
Disposals	—	—	(242)	(242)
At October 31, 2023	64,412	28,010	6,478	98,900
Accumulated amortization:				
At January 1, 2022	(7,859)	(4,902)	(653)	(13,414)
Charge for the year	(13,288)	(2,801)	(1,978)	(18,067)
At December 31, 2022 and January 1, 2023	(21,147)	(7,703)	(2,631)	(31,481)
Charge for the period	(14,907)	(2,334)	(2,197)	(19,438)
Written back on disposals	—	—	204	204
At October 31, 2023	(36,054)	(10,037)	(4,624)	(50,715)
Net book value:				
At December 31, 2022	35,668	20,307	2,798	58,773
At October 31, 2023	28,358	17,973	1,854	48,185

(9) Inventories

(a) Inventories in the statements of financial position comprise:

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Raw materials	51,544	23,905
Semi-finished products and Work in progress	77,021	49,602
Finished products	16,988	58,165
	145,553	131,672

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows

	Year ended December 31, 2022	Ten months ended October 31, 2023
	RMB'000	*RMB'000*
Carrying amount of inventories sold	336,135	171,682
Provision of inventories	22,639	14,031
	358,774	185,713

Net realizable value of inventories is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

(10) Trade receivables

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Gross amount of trade receivables	150,491	31,220
Less: loss allowance	(3,696)	(3,675)
Trade receivables, net	146,795	27,545

All of trade receivables are due from third parties and are expected to be recovered within one year.

Aging analysis

As of the end of each reporting period, the aging analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Within 1 year	146,795	27,545

(11) Prepayments and other receivables

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Non-current:		
Deposits	1,514	1,042
Less: loss allowance	(112)	(73)
Financial assets measured at amortized cost	1,402	969
Prepayments for long-term assets	5,528	6,133
Prepayments and other receivables	6,930	7,102
Current:		
Deposits	—	55
Others	733	586
Financial assets measured at amortized cost	733	641
Prepayments	24,721	27,910
Value-added tax recoverable	212	35
Prepayments and other receivables	25,666	28,586

(12) Investments in subsidiaries

As at October 31, 2023, Zhejiang Huatu has direct interests in the following subsidiaries, all of which are private companies.

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Percentage of equity attributed to Zhejiang Huatu	Principal activities
Zhejiang Xinsheng Electronic Technology Co., Ltd. *浙江芯昇電子技術有限公司	The PRC April 9, 2020	RMB278,000,000	100%	Distribution of Chip and development of application
Beijing Taihe *北京泰合志恒科技有限公司	The PRC October 24, 2007	RMB91,000,000	100%	Distribution of Chip and development of application
Wuhan Taihezhiheng Technology Co., Ltd. *武漢泰合志恒科技有限公司	The PRC August 18, 2014	RMB10,000,000	100%	Design, research and development of technology
Hefei Taihezhiheng Technology Co., Ltd. *合肥泰合志恒科技有限公司	The PRC July 27, 2020	RMB10,000,000	100%	Design, research and development of technology

Note:

These entities are limited liability companies established in PRC. The official names of these entities are in Chinese. The English names are for identification purpose only.

All Zhejiang Huatu's companies now have adopted December 31, as their financial year end date.

Hefei Taihezhiheng Technology Co., Ltd. went into dissolution and was deregistered on May 16, 2022.

* The English name of the subsidiaries incorporated in the Chinese mainland is translated from their registered Chinese name for identification purpose only.

(13) Trade and bill payables

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Trade and bill payables	61,655	33,379

As at December 31, 2022 and October 31, 2023, the aging analysis of trade and bill payables, based on the invoice date, is as follows:

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Within 1 year	55,253	24,608
Over 1 year	6,402	8,771
	61,655	33,379

(14) Other payables and accruals

	As at December 31, 2022	As at October 31, 2023
	RMB'000	*RMB'000*
Accrued payroll and other benefits	28,096	16,296
Other tax payables	6,892	2,130
Consideration payable related to the acquisition of Beijing Taihe (i)	52,673	50,000
Restricted shares repurchase obligations (ii)	24,000	24,000
Amounts due to related parties (iii)	506	10,000
Others	1,088	322
	113,255	102,748

(i) As at December 31, 2022 and October 31, 2023, the payables for business combination of RMB52,673,000 and RMB50,000,000, respectively, was related to consideration payable of acquisition of a subsidiary, which was settled on April 19, 2024.

(ii) Restricted shares repurchase obligations are the amounts received from employees who purchased the RSUs from Zhejiang Huatu and the amounts are refundable if the employees terminate their services before the RSUs vested.

(iii) Amounts due to related parties are unsecured and interest-free.

(15) Contract liabilities

	As at December 31, 2022	As at October 31, 2023
	RMB’000	*RMB’000*
Advances from customers	6,724	11,176

Movements in contract liabilities are as follows:

	As at December 31, 2022	As at October 31, 2023
	RMB’000	*RMB’000*
Balance at January 1,	27,088	6,724
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	(27,088)	(6,724)
Increase in contract liabilities as a result of advances from customers	6,724	11,176
	6,724	11,176

All of the contract liabilities are expected to be recognized as income within one year.

(16) Bank loans

	As at December 31, 2022	As at October 31, 2023
	RMB’000	*RMB’000*
Unsecured	129,403	148,953

The analysis of the repayment schedule of bank loans is as follows:

	As at December 31, 2022	As at October 31, 2023
	RMB’000	*RMB’000*
Within 1 year	129,403	148,953

(17) Lease liabilities

As at December 31, 2022 and October 31, 2023, the lease liabilities were repayable as follows:

	As at December 31, 2022	As at October 31, 2023
	RMB’000	*RMB’000*
Within 1 year	3,906	—
After 1 year but within 2 years	70	—
	3,976	—

36 ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the ultimate controlling party of the Group to be Dr. QIU XIAOXIN.

37 SUBSEQUENT EVENT

In November 2025, the Company established Chongqing Chuangyuan Zhihang Technology Co., Ltd. ("Chongqing Chuangyuan"), with three other shareholders, including Anhui Shenji Technology Co., Ltd., OmniVision Integrated Circuits Group, Inc. and Jiaxing Yuanhe Yizhi Enterprise Management Partner Enterprise (Limited Partnership), which is an employee incentive platform and is ultimately controlled by the Company, respectively.

According to the investment agreement, the Company and its employee incentive platform held 52% of the equity interests in Chongqing Chuangyuan. And the Company obtained 60% of voting rights at the board meetings of Chongqing Chuangyuan. Consequently, the directors have determined that the Group has obtained control over Chongqing Chuangyuan, and Chongqing Chuangyuan will be consolidated as a subsidiary in Group's financial statements.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include the followings:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	January 1, 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	January 1, 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	January 1, 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for following.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries comprising the Group in respect of any period subsequent to September 30, 2025.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of our Group prepared in accordance with paragraph 4.29 of the Listing Rules is to illustrate the effect of the Global Offering on the consolidated net tangible liabilities of our Group attributable to equity shareholders of the Company as at September 30, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of the consolidated financial position of the Group had the Global Offering been completed as at September 30, 2025 or at any future date.

	Consolidated net tangible liabilities attributable to equity Shareholders of the Company as at September 30, 2025(1)	Estimated net proceeds from the Global Offering(2)(5)	Estimated impact to net tangible assets upon reclassification of financial instruments issued to investors as at September 30, 2025 upon the completion of the Global Offering(3)	Unaudited pro forma adjusted net tangible assets attributable to equity Shareholders of the Company	Unaudited pro forma adjusted net tangible assets per Share(4)(5)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$ equivalent*
Based on an Offer Price of HK$28.2 per Share	(6,031,530)	2,523,350	6,525,913	3,017,733	6.03	6.72

Notes:

(1) The consolidated net tangible liabilities attributable to equity shareholders of the Group as of September 30, 2025 is arriving after deducting goodwill of RMB908,170,000 and intangible assets of RMB605,761,000 from the total deficit attributable to equity shareholders of the Company of RMB4,517,599,000 as of September 30, 2025, which is extracted from the Accountants' Report as set out in Appendix I to the Prospectus.

(2) The estimated net proceeds from the Global Offering are based on 120,711,200 H Shares to be issued at the fixed offer prices of HK$28.2 per Share after deduction of the estimated underwriting fees and other estimated related expenses paid or payable by us (excluding the listing expenses of RMB21,280,000 charged to profit or loss during the Track Record Period) and do not take into account any shares which may be issued upon the exercise of the overallotment option and the options granted under the employee incentive schemes of the Company.

(3) The carrying amount of financial instruments issued to investors was RMB6,525,913,000 as at September 30, 2025 (as set out in Note 29 to the Historical Financial Information included in the Accountants' Report in Appendix I to this prospectus). Upon the Listing and completion of the Global Offering, special rights granted to these investors shall be terminated, and the financial instruments issued to investors will be reclassified from liabilities to equity accordingly.

(4) The unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company per Share is arrived at after the above adjustment and on the basis that 500,747,481 Shares were in issue immediately following the Global Offering (excluding 87,013,000 shares held for employee incentive scheme, as set out in Note 30(d)(ii) to the Historical Financial Information included in the Accountants' Report in Appendix I to this prospectus) assuming the Global Offering had completed on September 30, 2025, and any shares may be issued upon the exercise of the over-allotment option and the options granted under the employee incentive schemes of the Company.

(5) For the purpose of estimated net proceeds from the Global Offering and the calculation of the unaudited pro forma adjusted consolidated net tangible liabilities per Share, the translation between Hong Kong dollar and Renminbi was made at the exchange rate of HK$1.00 to RMB0.8968, the exchange rate set by the People's Bank of China prevailing on January 23, 2026. No representation is made that the Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rate.

(6) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to September 30, 2025.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF AXERA SEMICONDUCTOR CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Axera Semiconductor Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at September 30, 2025 and related notes as set out in Part A of Appendix II to the prospectus dated January 30, 2026 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at September 30, 2025 as if the Global Offering had taken place at September 30, 2025. As part of this process, information about the Group's financial position as at September 30, 2025 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at September 30, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong
January 30, 2026

Our estimate of the consolidated loss for the year ended December 31, 2025 is set out in "Financial information — Loss estimate for the year ended December 31, 2025" of this prospectus.

(A) LOSS ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2025

Our Directors have prepared the estimate of the consolidated loss attributable to equity shareholders of our Company for the year ended December 31, 2025 based on the audited consolidated results of our Group for the nine months ended September 30, 2025 and the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2025. The estimate has been prepared on the basis consistent in all material respects with the accounting policies currently adopted by the Group as set out in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Loss estimate for the year ended December 31, 2025

Estimated consolidated loss attributable to equity shareholders of our Company	not more than RMB1,151.1 million

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter, prepared for the inclusion in this prospectus, received from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in relation to our Group's loss estimate for the year ended December 31, 2025.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

January 30, 2026

The Board of Directors
Axera Semiconductor Co., Ltd.
China International Capital Corporation Hong Kong Securities Limited
Guotai Junan Capital Limited
BOCOM International (Asia) Limited

Dear Sirs,

Axera Semiconductor Co., Ltd. ("the Company")

Loss Estimate for Year Ended December 31, 2025

We refer to the estimate of the consolidated loss attributable to equity shareholders of the Company for the year ended December 31, 2025 ("the Loss Estimate") set forth in the section headed "Financial Information — Loss estimate for the year ended December 31, 2025" in the prospectus of the Company dated January 30, 2026 ("the Prospectus").

Directors' Responsibilities

The Loss Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Company and its subsidiaries (collectively referred to as "the Group") for the nine months ended September 30, 2025 and the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2025.

The Company's directors are solely responsible for the Loss Estimate.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Loss Estimate based on our procedures. We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Estimate in accordance with the bases adopted by the directors and as to whether the Loss Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix IIA of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated January 30, 2026, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

D. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter prepared for inclusion in the prospectus by the Joint Sponsors, in connection with the estimate of the consolidated loss attributable to the equity shareholders of the Company for the year ended December 31, 2025.

January 30, 2026

The Directors

Axera Semiconductor Co., Ltd.

Dear Sirs,

We refer to the estimate of the consolidated loss attributable to the equity shareholders of Axera Semiconductor Co., Ltd. (愛芯元智半導體股份有限公司) (the "**Company**") and its subsidiaries (together the "Group") for the year ended December 31, 2025 (the "**Loss Estimate**") set forth in the section headed "Financial Information — Loss Estimate for the Year Ended December 31, 2025" in the prospectus of the Company dated January 30, 2026.

The Loss Estimate, for which you as the Directors of the Company (the "**Directors**") are solely responsible, has been prepared based on the audited consolidated results of the Group for the nine months ended September 30, 2025 and the unaudited consolidated results based on the management accounts of the Group for the three months ended December 31, 2025.

We have discussed with you the bases made by the Directors as set out in the Part A of Appendix IIA to the prospectus upon which the Loss Estimate has been made. We have also considered and relied upon the letter dated January 30, 2026 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Loss Estimate has been made.

On the basis of the information comprising the Loss Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by KPMG, we are of the opinion that the Loss Estimate, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of

China International Capital Corporation Hong Kong Securities Limited

29/F, One International Finance Center
1 Harbor View Street
Central
Hong Kong
David Ching
Executive Director

Yours faithfully,
For and on behalf of

Guotai Junan Capital Limited

27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Jiang Xiao
Executive Director

Yours faithfully,
For and on behalf of

BOCOM International (Asia) Limited

9/F Man Yee Building
68 Des Voeux Road Central
Hong Kong

Gavin Wong
Executive Director

This Appendix provides an overview of the detailed regulations of the Articles of Association for investors. The following data is only a summary and may not be exhaustive or essential for investors.

Shares and Registered Capital

Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank pari passu in all respects. Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and subscribers shall pay the same amount per share for the shares they subscribe to.

Shares issued by the Company that are not listed domestically shall be centrally registered and kept in custody by China Securities Depository and Clearing Company Limited. H shares can be held by shareholders in individual names or entrusted to custody by a custodian company according to the laws, securities regulations, and securities registration and custody requirements of the place where the Company's shares are listed.

For shares issued by the Company with a face value, the nominal value is denominated in RMB, with a face value of RMB1 per share.

Additional Issuance, Repurchase, and Transfer of Shares

Increase and Decrease of Shares

The Company, based on operational and developmental needs, may increase capital in the following ways according to laws and regulations and through resolutions passed by the shareholders' general meeting:

(1) Issuing shares to unspecified parties;

(2) Issuing shares to specified parties;

(3) Distributing bonus shares to existing shareholders;

(4) Capitalizing reserve funds into share capital;

(5) Other methods as stipulated by laws, administrative regulations, CSRC, Hong Kong Stock Exchange, and relevant regulatory authorities such as securities regulatory authorities in the place where the Company's shares are listed.

If the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company must notify creditors within ten days of the resolution to reduce the registered capital passed at the shareholders' general meeting, publish a notice in newspapers (or the National Enterprise Credit Information Publicity System) within 30 days, and disclose it on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) and the company's official website according to the securities regulatory rules of the place where the Company's shares are listed. Creditors shall have the right to demand debt repayment or corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of public announcement if they have not received the notice.

Repurchase of Shares

The Company is prohibited from repurchasing its own shares. Exceptions may be made under the following circumstances:

(1) Decreasing the Company's registered capital;

(2) Merging with other companies holding the Company's shares;

(3) Using shares for an employee stock ownership plan or equity incentive;

(4) Shareholder dissenting from a resolution by the general meeting for merger or division of the Company and requesting the Company to repurchase their shares;

(5) Using shares to convert convertible bonds issued by the Company into stocks;

(6) Being necessary to maintain the Company's value and shareholder rights;

(7) Other circumstances permitted by laws, regulations, local securities regulations where the Company's shares are listed, etc.

A subsidiary of the Company holding the Company's shares is not allowed to acquire the Company's shares.

If the Company repurchases its shares, it can be done through open centralized transactions or other methods recognized by laws, administrative regulations, CSRC, and securities regulatory authorities of the place where the Company's shares are listed. If the repurchase is due to the circumstances mentioned in Items (3), (5), and (6), it shall be conducted through open centralized transactions.

In situations mentioned in Items (1) and (2), the repurchase shall be approved by the general meeting's resolution; for Items (3), (5), and (6), it can be resolved by a Board meeting with two-thirds or more of the attending directors, subject to compliance with applicable securities regulatory rules of the place where the company's stocks are listed. The Company shall fulfill disclosure obligations in accordance with laws, regulations, securities regulatory rules of the place where the Company's shares are listed, etc. For the domestic unlisted shares, if the Company falls under the provisions mentioned above after repurchasing its own shares, it shall cancel the registration within ten days from the date of repurchase if it falls under Item (1); it shall transfer or cancel within six months if it falls under Items (2) or (4); the total number of shares held by the Company for Items (3), (5), and (6) shall not exceed 10% of the total issued shares of the Company, and it shall transfer or cancel within three years. If there are additional regulations regarding share repurchases by laws, regulations, or securities regulatory authorities of the place where the Company's shares are listed, those shall be followed.

Transfer of Shares

The shares issued before the initial public offering of the Company may not be transferred within a year from the date on which our shares are listed on the stock exchange.

Directors and senior management of the Company must declare the shares (including preferred shares) they hold in the Company and any changes thereto. During their tenure, the shares they transfer annually shall not exceed 25% of the total shares of the same class they hold in the Company, and the shares they hold cannot be transferred within one year from the Company's shares being listed for trading. These individuals are prohibited from transferring their held company shares within six months after leaving their positions. If there are other regulations on share transfer restrictions by laws, regulations, CSRC, and/or the listing rules of the place where the Company's shares are listed, those regulations shall be followed.

Shareholders and Shareholders' General Meeting

Shareholders

The Company establishes a share register based on evidence provided by the securities depository and clearing institution, which serves as adequate evidence of shareholders holding company shares. Shareholders have rights and obligations corresponding to the class of shares they hold, and those holding the same class of shares enjoy equal rights and bear similar obligations.

The Company's shareholders enjoy the following rights:

(1) Speaking and voting at shareholders' general meetings, except when being required to waive voting rights on individual matters under the *Hong Kong Stock Exchange Listing Rules*;

(2) Obtaining dividend or other forms of interest distribution in accordance with the proportion of their shares;

(3) Legally requesting to convene, organize, preside over, participate or appoint shareholder representatives to attend the shareholders' general meeting, and exercise the corresponding speaking and voting rights;

(4) Supervising the operation of the Company and making proposals, or inquiries;

(5) Transferring, donating, or pledging the shares it holds in accordance with the provisions of laws, administrative regulations, and the Articles of Association;

(6) Accessing and copying the Company's Articles of Association, share register, shareholder meeting records, Board meeting resolutions, and financial accounting reports; approved shareholders can access the Company's accounting books and vouchers;

(7) Participating in distribution of remaining assets in accordance with their share proportion in case of company termination or liquidation;

(8) Shareholders dissenting from a resolution at the shareholders' general meeting regarding mergers or divisions can request the Company to repurchase their shares;

(9) Accessing the Company's Hong Kong branch share register; but the Company can suspend shareholder registration procedures in accordance with Clause 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

(10) Exercising other rights as stipulated by laws, administrative regulations, departmental regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders have the right to request the People's Court to declare invalid resolutions of shareholders' general meetings and Board meetings that violate laws or administrative regulations. If shareholders' general meetings and Board meeting convening procedures, voting methods violate laws, administrative regulations, or the Articles of Association, or resolutions violate the Articles of Association, shareholders have the right to request the People's Court to revoke the resolution within 60 days from the date of the resolution. However, this does not apply if the convening procedures or voting methods of the shareholders' general meeting and the Board meeting are found to have minor defects and do not substantially affect the resolution.

The shareholders assume the following obligations:

(1) Complying with laws, administrative regulations, and the Articles of Association;

(2) Paying capital contributions according to the subscribed shares and method of entry;

(3) Not withdrawing their capital, except as provided by laws and administrative regulations;

(4) Not abusing the shareholder's right to cause damage to the Company's or other shareholder's benefit, nor the right of corporate independent juridical person and limited liability of shareholders to cause damage to the creditors' interests;

(5) Fulfilling other obligations as stipulated by laws, administrative regulations, the Articles of Association, and securities regulatory rules of the place where the Company's shares are listed.

General Provisions of the Shareholders' General Meeting

The Company's shareholders' general meeting consists of all shareholders. It functions as the Company's governing body, exercising the following powers in accordance with the law:

(1) Electing and replacing directors and determining matters related to their remuneration;

(2) Reviewing and approving the Board of Directors' reports;

(3) Reviewing and approving the Company's profit distribution and loss compensation plans;

(4) Making resolutions on increasing or decreasing the Company's registered capital;

(5) Making resolutions on issuing bonds of the Company;

(6) Making resolutions on Company mergers, divisions, dissolution, liquidation, or changes in corporate form;

(7) Amending the Articles of Association;

(8) Making resolutions on the appointment and dismissal of accounting firms undertaking the company's audit services and their remuneration matters;

(9) Reviewing and approving the guarantee matters specified in Article 46 of the Articles of Association;

(10) Reviewing transactions involving the purchase or sale of significant assets exceeding 30% of the Company's most recent audited total assets within a year;

(11) Reviewing and approving changes in the use of raised funds;

(12) Reviewing equity incentive plans and employee stock ownership plans;

(13) Deciding on other matters required to be determined by the shareholders' general meeting under laws, administrative regulations, departmental regulations, Articles of Association, and the securities regulatory rules of the place where the Company's shares are listed.

The following external guarantees by the Company require approval from the shareholders' general meeting:

(1) Any guarantees provided for those parts where the total amount of the external guarantees of the Company and its controlling subsidiaries exceeds 50% of the net assets of the Company through audit in the latest period;

(2) Any guarantees provided for those parts where the total amount of the external guarantees of the Company exceeds 30% of the total assets of the Company through audit in the latest period;

(3) Guarantees to others in an amount exceeding 30% of the total audited assets of the Company in the lasted period within a year;

(4) Guarantees provided for those guarantee subjects where the debt ratio exceeds 70%;

(5) Single guarantee exceeding 10% of net assets in the last audit;

(6) Guarantees provided to shareholders, actual controllers and their related parties.

(7) Guarantees as required to be reviewed by the shareholders' general meeting under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

In the event of any of the following circumstances, the company must convene an extraordinary shareholders' general meeting within two months from the occurrence date:

(1) When the number of directors falls below two-thirds of the required number under the *Company Law* or the number specified in the Articles of Association;

(2) When the Company's unremedied losses reach one-third of the total share capital;

(3) Upon the request of a shareholder holding over 10% of the voting shares individually or in aggregate (including voting restoration rights of preferred shares, if any);

(4) When deemed necessary by the Board of Directors;

(5) Upon the proposal of the audit committee;

(6) In other circumstances stipulated by laws, administrative regulations, departmental regulations, or the Articles of Association.

Convening of Shareholders' General Meeting

The Board of Directors must timely convene the shareholders' general meeting within the prescribed period.

With the agreement of the majority of independent directors, independent directors have the right to propose the convening of an extraordinary shareholders' general meeting to the Board of Directors. Upon receiving a proposal from independent directors for convening an extraordinary shareholders' general meeting, the Board of Directors must provide a written response agreeing or disagreeing with the proposal within ten days in accordance with the law, administrative regulations, and the Articles of Association. If the Board agrees to convene the extraordinary shareholders' general meeting, they must issue the meeting notice within five days after the Board passes a resolution; if not, the Board must state the reasons and make an announcement.

If the Audit Committee proposes the convening of an extraordinary shareholders' general meeting to the Board of Directors, it must propose in writing. The Board of Directors must provide a written response agreeing or disagreeing with the proposal within ten days of receiving it in accordance with the law, administrative regulations, and the Articles of Association. If the Board agrees to convene the extraordinary shareholders' general meeting, they must issue the meeting notice within five days after passing a Board resolution. Any changes to the original proposal in the notice require the consent of the Audit Committee. If the Board does not agree to convene the extraordinary shareholders' general meeting or fails to provide feedback within ten days, it is considered that the Board cannot or will not fulfill its duty to convene the shareholders' general meeting. In such a case, the Audit Committee can independently convene and chair the meeting.

Shareholders holding individually or jointly more than 10% of the voting shares of the Company (including voting restoration rights of preferred shares, if any) requesting the convening of an extraordinary shareholders' general meeting must submit their request in writing to the Board of Directors. The Board of Directors must provide a written response agreeing or disagreeing with the request within ten days of receipt according to the law, administrative regulations, and the Articles of Association. If the Board agrees to convene the extraordinary shareholders' general meeting, they must issue the meeting notice within five days after passing a Board resolution. Any changes to the original request in the notice require the consent of the relevant shareholders. If the Board does not agree to convene the extraordinary shareholders' general meeting or fails to respond within ten days, shareholders holding individually or jointly over 10% of the voting shares can propose to the Audit Committee to convene an extraordinary general meeting in writing.

If the Audit Committee agrees to convene the extraordinary shareholders' general meeting, they must issue the meeting notice within five days of receiving the request, with any changes to the original request requiring the consent of the relevant shareholders. Failure by the Audit Committee to issue the notice within the stipulated period is considered as failure to convene and chair the shareholders' general meeting. Shareholders holding individually or jointly over 10% of the voting shares for more than 90 consecutive days can independently convene and chair the meeting.

Notice of Shareholders' General Meeting

The convener will notify all shareholders by announcement 21 days before the annual shareholders' general meeting and 15 days before any extraordinary shareholders' general meeting. The duration counted by the Company shall exclude the date of convening. Notices of shareholder's general meetings must be issued to shareholders in a manner consistent with laws, administrative regulations, *Hong Kong Stock Exchange Listing Rules*, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The notice of the shareholders' general meeting shall include the following:

(1) The date, time, and location of the meeting;

(2) Matters and proposals to be reviewed at the meeting;

(3) A clear stating that all shareholders have the right to attend and may appoint an agent in writing to attend and vote at the meeting, with the agent not necessarily being a shareholder of the Company;

(4) Equity registration date of shareholders who have the right to attend the meeting;

(5) Names and telephone numbers of the permanent contacts for meeting affairs;

(6) Voting deadlines and procedures through online or other methods.

The notice and any supplementary notice of the shareholders' general meeting shall fully and accurately disclose all specific details of the proposed items.

Proposals at Shareholders' General Meeting

Proposals shall fall within the scope of the shareholders' general meeting's powers, have clear topics and specific resolution items, and comply with relevant laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

The Board of Directors, Audit Committee, and individual shareholders or collective shareholders holding more than 1% of the Company's shares have the right to submit proposals to the Company for consideration at the shareholders' meeting.

Individual shareholders or collective shareholders holding more than 1% of the Company's shares can submit ad hoc proposals in writing to the convener ten days before the shareholders' general meeting. The ad hoc proposal shall have clear topics and specific resolution items. Upon receiving the proposal, the convener shall issue a supplementary notice within two days, announcing the content of the ad hoc proposal, and submitting it for consideration at the shareholders' general meeting. However, ad hoc proposals that violate laws, administrative regulations, or the Articles of Association, or fall outside the scope of the shareholders' general meeting's powers are exceptions.

Except for the above cases, the convener must not modify or add new proposals after issuing the notice and announcement of the shareholders' general meeting.

Any proposals not listed in the shareholders' general meeting notice or that do not comply with the Articles of Association shall not be voted on or resolved at the shareholders' general meeting.

Appointment for Shareholders' General Meeting

Shareholders have the option to attend the shareholders' general meeting in person or appoint an agent to attend and vote on their behalf. Each shareholder has the right to appoint one agent who does not need to be a shareholder of the Company. The appointed agent can exercise the following rights based on the shareholder's instructions:

(1) Speaking rights on behalf of the shareholder at the Shareholders' General Meeting;

(2) Requesting voting on their own or with others;

(3) Exercising voting rights by show of hands or ballot, unless otherwise stipulated by laws, administrative regulations, *Hong Kong Stock Exchange Listing Rules*, or regulations stipulated in the securities regulatory rules of the place where the Company's shares are listed.

Individual shareholders attending the meeting in person shall present their personal identification card or other valid identification documents; and if appointing someone else to attend, the attending ones shall provide their valid identification document and the shareholder authorization letter.

Institutional shareholders shall delegate their legal representatives or the agents authorized by the legal representatives to attend the meeting. If the legal representative attends the meeting, they shall present their personal identification card and valid proof of their legal representative status; if an agent attends the meeting, the agent shall present his or her personal identification card and a written authorization letter issued by the legal representative of the institutional shareholder (except for shareholders whose agents are recognized clearing agencies under the relevant regulations of the laws of Hong Kong or the securities regulatory rules of the place where the Company's shares are listed).

If the shareholder is a recognized clearing house (or its agent), the clearing house may authorize one or more suitable individuals to represent them at any shareholders' general meeting or creditors' meeting; however, if more than one individual is authorized, the authorization shall specify the numbers and types of shares involved for each individual. The authorized individuals may represent the recognized clearing house to exercise rights (without presenting shareholding certificates, with notarized authorization and/or further evidence proving official authorization), as if the individual were a personal shareholder of the Company.

Authorization letters issued by shareholders to appoint others to attend the shareholders' general meeting shall specify the following:

(1) Name or title of the appointor, type and quantity of company shares held;

(2) Name or title of the appointed agent;

(3) Agent matters and authorization scope, specific instructions from the shareholder, including instructions on voting for, against, or abstaining on each agenda item included in the shareholder's general meeting;

(4) Date of issue and validity period of the authorization letter;

(5) Signature of the appointor (or seal). If the appointor is an institutional shareholder, a corporate seal shall be affixed.

Voting at Shareholders' General Meeting

Resolutions at the shareholders' general meeting are classified into ordinary resolutions and special resolutions.

An ordinary resolution at the shareholders' general meeting requires a simple majority of voting rights held by the attending shareholders (including shareholder's agents) in favor.

A special resolution at the shareholders' general meeting requires a two-thirds majority of voting rights held by the attending shareholders (including shareholder's agents) in favor.

The following matters are passed by the shareholders' general meeting via ordinary resolution:

(1) The Board of Directors' work report;

(2) Proposed profit distribution and loss compensation plans by the Board of Directors;

(3) Appointment and removal of Board members, determination of their remuneration and payment methods;

(4) Appointment, dismissal, or non-renewal of the accounting firm and their remuneration;

(5) Annual reports of the Company.

Other matters not required to be decided by special resolution under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The following matters are passed by the shareholders' general meeting via special resolution:

(1) Increasing or reducing the registered capital of the Company;

(2) Company divisions, splits, mergers, dissolution, and liquidation;

(3) Amendments to the Articles of Association;

(4) Transactions involving the purchase, sale of significant assets within a year or providing guarantees to third parties exceeding 30% of the Company's most recent audited total assets;

(5) Equity incentive plans;

(6) Matters required to be decided by special resolution under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association, and any other matters deemed by the shareholders' general meeting as having a significant impact on the Company that require approval by a special resolution.

Each shareholder (including shareholder agent) can exercise his/her voting right with shares with voting rights. Each share has one vote. Shareholders (including shareholder agents) with two or more voting rights need not cast all their votes as a whole in favor, against, or abstention.

Company-held shares do not carry voting rights and are not counted in the total voting rights of the attending shareholders.

According to applicable laws, regulations, and the *Hong Kong Stock Exchange Listing Rules*, if any shareholder needs to abstain from voting on a certain resolution or if restrictions are in place limiting a shareholder to only vote in favor or against a specific resolution, the votes cast by such shareholder or their representative in contravention of the regulations or restrictions shall not be counted in the total voting rights.

The Board of Directors, independent directors, shareholders holding more than 1% of the voting shares, or investor protection agencies established in accordance with laws, administrative regulations, or the CSRC regulations may solicit shareholder voting rights publicly. When soliciting shareholder voting rights, the specific voting intentions and information shall be fully disclosed to the shareholders being solicited. It is prohibited to solicit shareholder voting rights in a paid or indirectly compensated manner. Apart from statutory requirements, the Company must not impose a minimum shareholding limit for soliciting voting rights.

Directors and the Board of Directors

Directors

Directors shall be elected or replaced by the shareholders' general meeting and may be removed by the general meeting prior to the expiration of their term of office. Each director shall serve a term of three years, and shall be eligible for re-election upon expiry of such term.

The term of a director shall commence on the date of assumption of office and shall end upon the expiry of the incumbent Board. If the re-election is not conducted in a timely manner upon expiry of the term, the original director shall continue to perform their duties as a director in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until a newly elected director assumes office.

Where a director is appointed by the Board to fill a temporary vacancy or as an addition to the number of directors, the term of office of such director shall commence on the date of assumption of office and shall continue until the first annual shareholders' general meeting following such appointment, at which the director shall be eligible for re-election.

A director may concurrently serve as a senior manager. However, the total number of directors concurrently serving as senior managers and directors serving as employee representatives shall not exceed one-half of the total number of directors of the Company.

The Board of Directors shall include one director representing the employees, who shall be elected through the employee representative meeting or other democratic procedures, and whose appointment shall not be subject to approval by the shareholders' general meeting.

Chairman

The Board of Directors shall have one Chairman, who shall be elected by more than half of all directors.

The Chairman shall exercise the following powers:

(1) Presiding over shareholders' general meetings and convening and presiding over meetings of the Board of Directors;

(2) Supervising and inspecting the implementation of resolutions adopted by the Board of Directors;

(3) Exercising other powers conferred by the Board of Directors.

In the event that the Chairman is unable or fails to perform his or her duties, a director shall be elected by more than half of all directors to perform such duties.

Board of Directors

The Board of Directors shall consist of twelve directors, including four independent directors.

The Board of Directors shall exercise the following powers:

(1) Convening and reporting to shareholders' general meetings;

(2) Implementing resolutions adopted by the shareholders' general meeting;

(3) Determining the Company's business plans and investment programs;

(4) Formulating the Company's profit distribution plans and plans for making up losses;

(5) Formulating plans for increasing or reducing the Company's registered capital, and for the issuance of bonds or other securities, as well as listing proposals;

(6) Preparing plans for material acquisitions, buybacks of the Company's shares, mergers, divisions, dissolution, and changes to the Company's form of organization;

(7) Deciding, within the scope of the authorization granted by the shareholders' general meeting, on matters including external investment, acquisition or disposal of assets, asset pledges, external guarantees, entrusted wealth management, connected transactions, external donations, and others;

(8) Determining the structure of the Company's internal management;

(9) Deciding on the appointment or dismissal of the General Manager, the Secretary to the Board, and other senior management, and determining matters concerning their remuneration, rewards, and penalties; deciding, based on the General Manager's nominations, on the appointment or dismissal of Deputy General Managers, the Chief Financial Officer, and other senior management, and determining matters concerning their remuneration, rewards, and penalties;

(10) Formulating the Company's basic management system;

(11) Preparing proposals for amendments to the Articles of Association;

(12) Managing the Company's information disclosure matters;

(13) Submitting proposals to the shareholders' general meeting for the appointment or replacement of the accounting firm responsible for auditing the Company;

(14) Hearing reports by the General Manager and reviewing the General Manager's work;

(15) Exercising other powers as provided by laws, administrative regulations, departmental rules, securities regulatory rules in the place where the Company's shares are listed, the Articles of Association, or as authorized by the shareholders' general meeting.

Matters beyond the scope authorized by the shareholders' general meeting shall be submitted to the shareholders' general meeting for deliberation.

The Board of Directors shall convene no fewer than four meetings per year, generally once per quarter, and such meetings shall be convened by the Chairman. Regular meetings of the Board as referred to herein shall be notified to all directors in writing at least fourteen (14) days prior to the date of the meeting.

Shareholders holding more than 10% of the voting rights, more than one-third of the directors, or the Audit Committee may propose the convening of an interim meeting of the Board of Directors. The Chairman shall, within ten (10) days upon receipt of such proposal, convene and preside over the meeting of the Board.

Notices of interim meetings of the Board of Directors shall be given by telephone and/or in writing (including personal delivery, mail, fax, or email). The notice period shall be five (5) days prior to the date of the meeting. With the unanimous consent of all directors, an interim meeting of the Board may be convened without being subject to the aforesaid notice period; however, all directors shall be notified in a timely manner, and such circumstances shall be recorded in the minutes of the Board meeting and signed by all attending directors. The first meeting of the Board of Directors following a new election may be convened on the same day as the election, and shall not be subject to the notice method or notice period requirements stated in the preceding paragraph.

A Board meeting may only be held if more than half of the directors (including proxies) are present. Resolutions of the Board shall be passed by a majority of all directors. Each director shall have one vote when voting on such resolutions.

Where a director has a connected relationship with the enterprises or individuals involved in a matter under consideration by the Board, such director shall promptly make a written report to the Board. A director with a connected relationship shall abstain from voting on the relevant resolution and shall not act as a proxy for any other director in voting on the resolution. The Board meeting on such matter may be held with the presence of more than half of the disinterested directors, and any resolution passed at such meeting shall require approval by more than half of the disinterested directors. Where the number of disinterested directors present at the meeting is fewer than three, the matter shall be submitted to the shareholders' general meeting for consideration.

Board meetings shall be attended in person by the directors. Where a director is unable to attend a meeting for any reason, he or she may, by written proxy, appoint another director to attend on his or her behalf. The proxy shall specify the name of the proxy-holder, the subject matters to be represented, the scope of authorization, and the period of validity, and shall be signed or sealed by the appointing director. A director attending a meeting as a proxy shall exercise the rights of the director within the scope of the authorization. Any director who fails to attend a Board meeting in person and fails to appoint a proxy to attend shall be deemed to have waived the right to vote at that meeting.

Audit Committee of the Board of Directors

The Company shall establish an Audit Committee under the Board of Directors, which shall exercise the powers of the Supervisory Committee as stipulated under the *Company Law*.

The Audit Committee shall consist of three members, all of whom shall be non-executive directors who do not hold senior management positions in the Company. Among them, two shall be independent directors, and the convener (chairman) of the committee shall be an independent director.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and assessing both internal and external audit and internal control. The following matters shall be submitted to the Board of Directors for consideration only upon approval by a majority of all members of the Audit Committee:

(1) Disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(2) Engagement or dismissal of the accounting firm responsible for the Company's audit business;

(3) Appointment or removal of the Company's Chief Financial Officer;

(4) Changes to accounting policies or accounting estimates, or correction of material accounting errors, except where such changes are due to modifications in accounting standards;

(5) Other matters as stipulated by laws, administrative regulations, the CSRC, the securities regulatory rules in the place where the Company's shares are listed, or the Articles of Association.

The Audit Committee shall convene at least one meeting each quarter. An interim meeting may be convened upon the proposal of two or more members or at the discretion of the convener if deemed necessary. Meetings of the Audit Committee shall only be held if attended by at least two-thirds of its members.

Other Specialized Committees of the Board

The Company shall establish other specialized committees under the Board of Directors, including the Nomination Committee and the Remuneration Committee, which shall perform their duties in accordance with the Articles of Association and as authorized by the Board. Proposals from specialized committees shall be submitted to the Board of Directors for resolution. The working procedures of the specialized committees shall be formulated by the Board. The composition of the committees shall comply with applicable laws, administrative regulations, departmental rules, the *Hong Kong Stock Exchange Listing Rules*, and any other relevant rules or requirements of securities regulators in the jurisdictions where the Company's shares are listed.

Senior Management

The Company shall appoint a General Manager and one or more Deputy General Managers, whose appointment or removal shall be determined by the Board of Directors.

The Company shall also appoint a Chief Financial Officer and a Secretary to the Board, whose appointment or removal shall be proposed by the General Manager and decided by the Board of Directors.

The term of office for the General Manager, Deputy General Manager, Chief Financial Officer, Secretary to the Board, and other senior management shall be three years. They may be reappointed upon expiry of their term.

The General Manager shall be responsible to the Board of Directors and exercise the following functions and powers:

(1) Taking charge of the Company's production and operation management, organizing the implementation of Board resolutions, and reporting to the Board;

(2) Organizing the implementation of the Company's annual business plans and investment programs;

(3) Proposing the structure of the Company's internal management;

(4) Proposing the Company's basic management system;

(5) Formulating detailed rules and regulations for the Company;

(6) Proposing to the Board of Directors the appointment or dismissal of Deputy General Managers, the Chief Financial Officer, the Secretary to the Board, and other senior management;

(7) Deciding on the appointment or dismissal of other management personnel not subject to appointment or dismissal by the Board of Directors;

(8) Reviewing and approving general connected transactions, except those required to be submitted to the Board of Directors or the shareholders' general meeting pursuant to the Articles of Association;

(9) Reviewing and approving other significant transactions, external investments, or external guarantees, except those required to be submitted to the Board of Directors or the shareholders' general meeting pursuant to the Articles of Association;

(10) Deciding on the establishment of wholly owned subsidiaries and/or branches of the Company;

(11) Exercising other powers as granted by the Articles of Association, the securities regulatory rules of the place where the Company's shares are listed, or the Board of Directors.

The General Manager shall attend the Board meeting in a non-voting capacity.

Qualifications and Duties of Directors and Senior Management

A person shall not serve as a director or senior management of the Company under any of the following circumstances:

(1) Being without or having limited civil capacity;

(2) Having been convicted of embezzlement, bribery, misappropriation of property, appropriation of funds, or disrupting the socialist market economic order, or having been deprived of political rights for a criminal offense, where five years have not elapsed since the completion of the sentence or where two years have not elapsed since the expiration of a probationary period following a suspended sentence;

(3) Having served as a director, factory head, or manager of a company or enterprise that has been declared bankrupt and held personally liable for the bankruptcy, where three years have not elapsed since the conclusion of the bankruptcy proceedings of such company or enterprise;

(4) Having served as the legal representative of a company or enterprise whose business license has been revoked or which has been ordered to close due to violations of law and having been held personally liable, where three years have not elapsed since the date of such revocation or closure;

(5) Being personally liable for a substantial amount of outstanding debt that is due and unpaid, and having been listed by a People's Court as a discredited judgment debtor;

(6) Being subject to a market ban imposed by the CSRC, where the ban period has not yet expired;

(7) Being deemed unsuitable to serve as a director or senior manager of a listed company under the securities regulatory rules of the place where the Company's shares are listed, where the restriction period has not yet expired;

(8) Other circumstances as prescribed by laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Company's shares are listed.

Financial Accounting System

The Company shall establish its financial accounting system in accordance with applicable laws, administrative regulations, the regulatory rules of the place where the Company's shares are listed, and the requirements of relevant national authorities.

The Company shall prepare its annual financial accounting report within four months from the end of each financial year, and its interim financial accounting report within two months from the end of the first six months of each financial year.

The aforementioned financial accounting reports shall be prepared and disclosed in accordance with relevant laws, administrative regulations, departmental rules, the *Hong Kong Stock Exchange Listing Rules*, and other securities regulatory rules of the place where the Company's shares are listed.

The Company shall not establish any accounting books other than those required by law. The Company's funds shall not be deposited into any account in the name of any individual.

When distributing after-tax profits for a given year, the Company shall allocate 10% of its profits to its statutory reserve fund. Where the cumulative amount of the statutory reserve fund has reached 50% or more of the Company's registered capital, no further allocation is required.

Where the statutory reserve fund is insufficient to cover losses from previous years, the current year's profits shall first be used to cover such losses before any allocation is made to the statutory reserve fund in accordance with the preceding paragraph.

After allocating the statutory reserve fund from its after-tax profits, the Company may, upon a resolution of the shareholders' general meeting, allocate discretionary reserve fund from its after-tax profits.

The remaining after-tax profits following the offset of losses and the allocation to the reserve fund shall be distributed to shareholders in line with the percentage of shareholding by each shareholder, unless otherwise provided in the Articles of Association.

Where the shareholders' general meeting distributes profits in violation of the *Company Law*, shareholders shall return the improperly distributed profits to the Company. Any shareholder, director, or senior management who causes losses to the Company as a result shall be liable for compensation.

Shares held by the Company itself shall not participate in the distribution of profits.

The Company shall appoint one or more receiving agents in Hong Kong for H shareholders. Such receiving agents shall receive and hold, on behalf of the relevant H shareholders, the dividends declared and other amounts payable by the Company in respect of H Shares, for subsequent payment to such H shareholders. The receiving agents appointed by the Company shall comply with applicable laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve fund shall be used to cover losses, expand the Company's production and operation, or be converted into an increase in the registered capital.

Where the reserve fund is used to cover losses, the discretionary reserve fund and statutory reserve fund shall be used first. If such funds remain insufficient, the capital reserve may be used in accordance with relevant regulations.

When converting the statutory reserve fund into the registered capital, the amount of the reserve fund retained shall not be less than 25% of the Company's registered capital prior to the conversion.

Internal Audit

The Company shall implement an internal audit system that specifies the leadership structure, responsibilities and authorities, personnel allocation, funding support, utilization of audit results, and accountability mechanisms associated with internal audit.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors.

Appointment of Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of the *Securities Law* to conduct audits of its financial statements, verification of net assets, and other related consulting services. The term of engagement shall be one year, subject to renewal.

The appointment or dismissal of the accounting firm shall be decided by the shareholders' general meeting. The Board of Directors shall not engage an accounting firm without the prior approval of the shareholders' general meeting.

The Company shall ensure the provision of true, complete accounting vouchers, books, financial accounting reports, and other relevant accounting information to the engaged accounting firm, without rejection, concealment, or false statements.

Merger, Division, Increase and Decrease of Capital

The Company may carry out mergers by way of absorption or establishment of a new company.

Where one company absorbs another, it is referred to as an absorption merger, and the absorbed company shall be dissolved. Where two or more companies merge to establish a new company, it is referred to as a new establishment merger, and all merging parties shall be dissolved.

Where the consideration for the merger does not exceed 10% of the Company's net assets, the merger may not require a resolution of the shareholders' general meeting, unless otherwise stipulated in the Articles of Association. For mergers not subject to approval by the shareholders' general meeting under the preceding paragraph, a resolution of the Board of Directors shall be required.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date on which the merger resolution is made, publish a notice in newspapers (or the National Enterprise Credit Information Publicity System) within 30 days, and disclose it on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) and the Company's official website according to the securities regulatory rules of the place where the Company's shares are listed.

Creditors may demand debt repayment or corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of public announcement if they have not received the notice.

Upon a merger, the surviving company or the newly established company shall assume all claims and liabilities of the parties to the merger.

In the case of a division, the Company's assets shall be appropriately allocated.

In the event of a division, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within ten days from the date on which the division resolution is made, publish a notice in newspapers (or the National Enterprise Credit Information Publicity System) within 30 days, and disclose it on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) and the Company's official website according to the securities regulatory rules of the place where the Company's shares are listed.

The debts incurred prior to the division shall be jointly and severally assumed by the companies resulting from the division, unless otherwise agreed in writing between the Company and the creditors prior to the division with regard to the clearance of debts.

If the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company must notify creditors within ten days of the resolution to reduce the registered capital passed at the shareholders' general meeting, publish a notice in newspapers (or the National Enterprise Credit Information Publicity System) within 30 days, and disclose it on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) and the company's official website according to the securities regulatory rules of the place where the Company's shares are listed. Creditors shall have the right to demand debt repayment or corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of public announcement if they have not received the notice.

In reducing registered capital, the Company shall proportionally reduce the capital contributions or number of shares held by shareholders according to their shareholding percentages, unless otherwise provided by laws or the Articles of Association.

If losses remain after applying Paragraph 2, Article 147 of the Articles of Association to offset losses, the Company may reduce its registered capital to cover such losses. Where the registered capital is reduced to cover losses, the Company shall not distribute them to shareholders, nor shall it exempt shareholders from their obligations to make capital contributions or pay for shares. The provision of Paragraph 2, Article 172 of the Articles of Association shall not apply to such capital reductions; however, the Company shall make a public announcement on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) in accordance with the securities regulatory rules of the place where the Company's shares are listed and publish an announcement within 30 days from the date the shareholders' general meeting passes the resolution for capital reduction in newspapers (or the National Enterprise Credit Information Publicity System). After the Company reduces its registered capital in accordance with the preceding two paragraphs, it shall not distribute profits until the accumulated amount of statutory reserve fund and discretionary reserve fund reaches 50% of the Company's registered capital.

Where a merger or division results in changes to registration particulars, the Company shall apply to the company registration authority to amend its registration in accordance with the law. If the Company is dissolved, it shall apply for deregistration in accordance with the law. If a new company is established, it shall register the establishment in accordance with the law.

Any increase or decrease in the Company's registered capital shall be registered with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company may resort to dissolution in any of the following circumstances:

(1) The expiry of the business term or occurrence of other dissolution events as specified in the Articles of Association;

(2) A resolution for dissolution passed by the shareholders' general meeting;

(3) Dissolution necessitated by a merger or division of the Company;

(4) Revocation of the business license, order to close down operations, or cancellation in accordance with the law;

(5) The Company encounters serious difficulties in its operation and management, and its continued existence would cause significant losses to shareholders' interests, and such issues cannot be resolved through other means; in such case, shareholders holding 10% or more of the Company's voting rights may petition a People's Court to dissolve the Company.

Upon the occurrence of any of the aforementioned grounds for dissolution, the Company shall, within ten days, make a public disclosure via the National Enterprise Credit Information Publicity System.

During the liquidation period, the liquidation team shall exercise the following powers:

(1) Reviewing the Company's assets and preparing a balance sheet and an inventory of assets;

(2) Notifying and making announcements to creditors;

(3) Handling the Company's outstanding business related to the liquidation;

(4) Settling outstanding taxes and taxes incurred during the liquidation process;

(5) Reviewing the Company's claims and liabilities;

(6) Distributing any remaining assets of the Company after settlement of debts;

(7) Representing the Company in civil proceedings.

The liquidation team shall, within ten days from its establishment, notify creditors, publish a notice in newspapers (or the National Enterprise Credit Information Publicity System) within 60 days, and disclose it on the Hong Kong Stock Exchange disclosure website (www.hkexnews.hk) according to the securities regulatory rules of the place where the Company's shares are listed Creditors shall declare their claims to the liquidation team within 30 days from the date of receiving such notice, or, if no notice is received, within 45 days from the date of the public announcement.

When declaring claims, creditors shall provide details and relevant supporting documents. The liquidation team shall record all declared claims.

During the period for declaration of claims, the liquidation team shall not make any payments to creditors.

After reviewing the Company's assets and preparing the balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

After settlement of liquidation expenses, employees' wages, social insurance premiums, statutory compensation, and outstanding taxes, and full repayment of the Company's debts, any remaining assets shall be distributed to shareholders according to their shareholding percentages.

During the liquidation period, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The property of the Company shall not be distributed to the shareholders before clearing off in accordance with the preceding paragraph.

If, after reviewing the assets and preparing the balance sheet and inventory of assets, the liquidation team discovers that the Company's assets are insufficient to repay its debts, it shall promptly apply to the People's Court for bankruptcy liquidation in accordance with the law.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation team shall hand over all liquidation matters to the bankruptcy administrator appointed by the People's Court.

Upon completion of the liquidation, the liquidation team shall prepare a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, and file an application for cancellation of the Company's registration with the company registration authority.

Amendment of the Articles of Association

The Company shall amend its Articles of Association under any of the following circumstances:

(I) Where amendments to the *Company Law*, other applicable laws or administrative regulations, or the securities regulatory rules of the place where the Company's shares are listed cause any provision of the Articles of Association to conflict with such amended laws, regulations, or rules;

(II) Where a change in the Company's circumstances results in inconsistency with matters recorded in the Articles of Association;

(III) Where the shareholders' general meeting resolves to amend the Articles of Association.

Where an amendment to the Articles of Association adopted by a resolution of the shareholders' general meeting is subject to approval by the competent authority, it shall be submitted for such approval. Where the amendment involves changes to company registration particulars, relevant registration formalities shall be handled in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the shareholders' general meeting and the approval opinions of the competent authority.

Where the amendments to the Articles of Association constitute information that must be disclosed pursuant to laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed, such amendments shall be disclosed in accordance with applicable requirements.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was established as a limited liability company in the PRC on April 20, 2020, and further converted into a joint stock company with limited liability on March 8, 2024.

As of the date of this prospectus, our registered office and head office are located at Room 59, 17th Floor, Kechuang Building, No. 777 Zhongguan West Road, Zhuangshi Subdistrict, Zhenhai District, Ningbo, Zhejiang, the PRC. Accordingly, our Company's corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of Articles of Association" in Appendix III to this prospectus.

Our Company has established a principal place of business in Hong Kong at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on June 12, 2025. Ms. Chu Cheuk Ting (朱卓婷), one of our joint company secretaries, has been appointed as the authorized representative of our Company for the acceptance of the service of process on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

2. Changes in Share Capital of Our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in our share capital within two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

Our Company's subsidiaries are set out note 1 in the Accountants' Report as set out in Appendix I. The following sets out changes in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus:

On November 8, 2024, Tianjin Axera was established in the PRC as a limited liability company with registered capital of RMB10,000,000.

On November 26, 2024, Chongqing Axera was established in the PRC as a limited liability company with registered capital of RMB750,000,000.

On May 28, 2025, the registered capital of Tianjin Axera was increased from RMB10,000,000 to RMB100,000,000.

On November 14, 2025, Chongqing Chuangyuan Zhihang Technology Co., Ltd. (重慶創元智航科技有限公司) was established in the PRC as a limited liability company with registered capital of RMB100,000,000.

Save as disclosed above, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

4. Shareholders' Resolutions

At the general meeting of our Company held on June 23, 2025, among other things, the following resolutions were passed by the Shareholders:

(i) the issuance by our Company of H Shares of the nominal value of RMB1.0 each and such H Shares be listed on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the Global Offering shall be no more than 138,817,900 H Shares;

(iii) subject to the completion of filing with the CSRC, upon completion of the Global Offering, 482,845,281 Unlisted Shares in aggregate held by our Shareholders will be converted into H Shares on a one-for-one basis;

(iv) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on the Listing Date, and the Board has been authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and other relevant regulatory authorities;

(v) authorization of the Board and its authorized persons to amend the resolutions in accordance with the requirements of competent regulatory authorities, and deal with the specific implementation; and

(vi) authorization of the Board and its authorized persons to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

5. Reorganization

We have not gone through any corporate reorganization for the purpose of the Global Offering. For details of the history and development of our Company, see "History, Development and Corporate Structure."

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contract entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(a) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, WILL semiconductor Limited (韋爾半導體香港有限公司), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which WILL semiconductor Limited (韋爾半導體香港有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$35 million;

(b) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Xin Ma Apparel International Limited (新馬服裝國際有限公司), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Xin Ma Apparel International Limited (新馬服裝國際有限公司) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$35 million;

(c) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, JSC International Investment Fund SPC (as representative of Yongxin II SP), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which JSC International Investment Fund SPC (as representative of Yongxin II SP) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$27 million;

(d) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, NGS Super Pty Limited (as the trustee for NGS Super), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which NGS Super Pty Limited (as the trustee for NGS Super) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$20 million;

(e) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Desay SV Automotive Singapore Pte. Ltd., China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Desay SV Automotive Singapore Pte. Ltd. agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$10 million;

(f) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Factorial Master Fund, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Factorial Master Fund agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$7 million;

(g) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Hel Ved Master Fund, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Hel Ved Master Fund agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$7 million;

(h) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Valliance Long Short Master Fund, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Valliance Long Short Master Fund agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$7 million;

(i) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Alphahill Capital Limited (in its capacity as the investment manager of Alphahill Future Fund, Manifold Master Fund and York House Investment I Limited), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Alphahill Capital Limited (in its capacity as the investment manager of Alphahill Future Fund, Manifold Master Fund and York House Investment I Limited) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million;

(j) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Joyson Electronics Holdings Hong Kong Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Joyson Electronics Holdings Hong Kong Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million;

(k) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Jupiter Global Master Fund Ltd., China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Jupiter Global

Master Fund Ltd. agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million;

(l) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which GRANITE ASIA IX VCC (for the account of and on behalf of GX ACCESS) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million;

(m) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, CICC Financial Trading Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which CICC Financial Trading Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million and hold such Offer Shares on a non-discretionary basis to hedge a series of cross border over-the-counter OTC swap transactions entered into by CICC Financial Trading Limited, China International Capital Corporation Limited and Longhorn Technology Group Co., Ltd. (深圳市豪恩科技集團股份有限公司);

(n) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, NonaVerse (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which NonaVerse (Hong Kong) Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million;

(o) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, Guotai Junan Investments (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which Guotai Junan Investments (Hong Kong) Limited agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$5 million and hold such Offer Shares on a non-discretionary basis to hedge a series of cross border over-the-counter OTC swap transactions entered into by Guotai Junan Investments (Hong Kong) Limited, Guotai Haitong Securities Co., Ltd. and a private fund managed by Qingdao Guanlan Investment Management Co., Ltd. (青島觀瀾投資管理有限公司) in its capacity as investment manager;

(p) the cornerstone investment agreement dated January 28, 2026 entered into among the Company, JinYi Capital Multi-Strategy Fund SPC Ltd. (acting for and on behalf of Structured Credit SP Fund), China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Capital Limited, BOCOM International (Asia) Limited, Guotai Junan Securities (Hong Kong) Limited, and BOCOM International Securities Limited, pursuant to which JinYi Capital Multi-Strategy Fund SPC Ltd. (acting for and on behalf of Structured Credit SP Fund) agreed to subscribe for Offer Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US$2 million; and

(q) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(i) *Trademarks*

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
1.	爱芯元智	PRC	the Company	12	66631117	February 20, 2033
2.		PRC	the Company	9	58085323	February 6, 2032
3.	AXERA 爱芯元智	PRC	the Company	42	58062687	February 6, 2032
4.		PRC	the Company	12	58076113	February 6, 2032
5.	AXERA 爱芯元智	PRC	the Company	42	58084714	February 6, 2032
6.		PRC	the Company	12	58081945	February 6, 2032
7.		PRC	the Company	42	58070256	February 6, 2032
8.	AXERA 爱芯元智	PRC	the Company	9	58064357	January 27, 2032
9.		PRC	the Company	42	58089023	February 6, 2032
10.	AXERA 爱芯元智	PRC	the Company	9	58068790	February 6, 2032
11.	AXERA 爱芯元智	PRC	the Company	42	58062696	February 6, 2032
12.		PRC	the Company	9	58085312	February 6, 2032
13.	AXERA 爱芯元智	PRC	the Company	9	58076093	February 6, 2032
14.	爱芯元智	PRC	the Company	42	50994592	June 27, 2031
15.	爱芯元智	PRC	the Company	9	50970473	June 27, 2031

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date
16.	AXera	PRC	the Company	42	50221084	June 13, 2031
17.	AXera	PRC	the Company	9	50228324	June 6, 2031
18.	AXera	PRC	the Company	9	49484784	May 27, 2031
19.	爱芯智眸	PRC	the Company	9	45770812	December 20, 2030
20.	爱芯智眸	PRC	the Company	42	45745269	December 20, 2030
21.	爱芯通元	PRC	the Company	16	67647397	May 13, 2033
22.	爱芯通元	PRC	the Company	9	67629230	April 13, 2033
23.	爱芯通元	PRC	the Company	42	67649859	April 20, 2033
24.	爱芯派	PRC	the Company	42	67042302	March 13, 2033
25.	爱芯派	PRC	the Company	9	67056263	May 27, 2033
26.	AXera-Pi	PRC	the Company	9	67053218	March 27, 2033
27.	AXera-Pi	PRC	the Company	42	67066125	March 27, 2033
28.	爱芯元速	PRC	the Company	16	78768631	November 20, 2034
29.	爱芯元速	PRC	the Company	12	71655230	November 13, 2033
30.	爱芯元速	PRC	the Company	9	71643613	November 13, 2033
31.	芯昇	PRC	Zhejiang Xinsheng	7	57577674	January 20, 2032
32.	CHIPUP	PRC	Zhejiang Xinsheng	9	48492423	March 13, 2031
33.	CHIPUP	PRC	Zhejiang Xinsheng	42	48482468	March 13, 2031
34.	芯昇	PRC	Zhejiang Xinsheng	42	48499528	May 20, 2031
35.	芯昇	PRC	Zhejiang Xinsheng	9	48496540	May 20, 2031
36.	AXera 爱芯元智	Hong Kong	the Company	9, 12, 35, 42	306807781	February 12, 2035

(ii) ***Patents***

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
1.	Image processing method, device, electronic equipment and storage medium (圖像處理方法、裝置、電子設備和存儲介質)	Invention	PRC	ZL202110875345.1	the Company	July 29, 2041
2.	Device, method and equipment for adaptively checking bit width of data (自適應檢查數據的比特位寬的裝置、方法及設備)	Invention	PRC	ZL202410830987.3	the Company	June 25, 2044
3.	Image border expanding circuit, chip and method (一種圖像擴邊電路、芯片和方法)	Invention	PRC	ZL202211478198.5	the Company	November 22, 2042
4.	Thread scheduling method, hardware circuit and electronic equipment (線程調度方法、硬件電路及電子設備)	Invention	PRC	ZL202211600216.2	the Company	December 11, 2042
5.	Processing method, device and chip for neural network output data (神經網絡輸出數據的處理方法、裝置及芯片)	Invention	PRC	ZL202311615634.3	the Company	November 29, 2043

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
6.	Computer vision operator acceleration method, system and electronic equipment based on NPU (基于NPU的計算機視覺算子加速方法、系統及電子設備)	Invention	PRC	ZL202410978963.2	the Company	July 21, 2044
7.	Bus performance simulation method and device, storage medium and electronic equipment (總線性能仿真方法及裝置、存儲介質及電子設備)	Invention	PRC	ZL202011128670.3	the Company	October 19, 2040
8.	Data processing unit for transpose operation and image transpose operation method (用於轉置運算的數據處理單元及圖像轉置運算方法)	Invention	PRC	ZL202210679605.2	the Company	June 14, 2042
9.	Method and device for maximum pooling operation (一種最大池化運算的方法及裝置)	Invention	PRC	ZL202210420612.0	the Company	April 19, 2042
10.	Method and system for fusing infrared image and visible light image (一種紅外圖像與可見光圖像融合的方法及系統)	Invention	PRC	ZL202210155872.X	the Company	February 20, 2042

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
11.	Anti-maximum pooling operation method, device, electronic equipment and storage medium (一種反最大池化運算方法、裝置、電子設備及存儲介質)	Invention	PRC	ZL202210417942.4	the Company	April 19, 2042
12.	Image operation method, device and electronic equipment of convolutional neural network (卷積神經網絡的圖像運算方法、裝置和電子設備)	Invention	PRC	ZL202010276826.6	the Company	April 8, 2040
13.	C language-based code generation method, device, electronic equipment and storage medium (基於 C 語言的代碼生成方法、裝置、電子設備及存儲介質)	Invention	PRC	ZL202110981874.X	the Company	August 24, 2041
14.	Haar wavelet transform hardware device (哈爾小波變換硬件裝置)	Invention	PRC	ZL202110786337.X	the Company	July 11, 2041
15.	Performance calculation method, device, electronic equipment and storage medium of AXI bus (AXI 總綫的性能計算方法、裝置、電子設備及存儲介質)	Invention	PRC	ZL202011462800.7	the Company	December 9, 2040

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
16.	Method, device and chip for providing data for MAC array (為MAC陣列提供數據的方法、裝置和芯片)	Invention	PRC	ZL202310466151.5	the Company	April 26, 2043
17.	LZ4 decompression hardware acceleration implementation/compression method, device, medium and chip (LZ4解壓縮硬件加速實現/壓縮方法、裝置、介質及芯片)	Invention	PRC	ZL202310540012.2	the Company	May 14, 2043
18.	Data compression and decompression methods, devices, electronic equipment and chips (數據壓縮及數據解壓方法、裝置、電子設備、芯片)	Invention	PRC	ZL202310477769.1	the Company	April 27, 2043
19.	Neural network pruning method, device, equipment and storage medium (神經網絡剪枝方法、裝置、設備及存儲介質)	Invention	PRC	ZL202310546665.1	the Company	May 15, 2043
20.	Target tracking method, device, electronic equipment and storage medium (目標跟蹤方法、裝置、電子設備及存儲介質)	Invention	PRC	ZL202311225770.1	the Company	September 21, 2043

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
21.	Dynamic network model construction method, device, equipment and storage medium (動態網絡模型構建方法、裝置、設備及存儲介質)	Invention	PRC	ZL202310546559.3	the Company	May 15, 2043
22.	Method and device for synchronization and co-broadcasting of co-broadcasting base stations (一種同播基站的同步及同播的方法、裝置)	Invention	PRC	ZL201610162240.0	the Company	March 20, 2036
23.	Communication method and device (一種通信方法及裝置)	Invention	PRC	ZL201710002746.X	the Company	January 2, 2037
24.	Method for allocating time slots and co-broadcasting base station (一種分配時隙的方法及同播基站)	Invention	PRC	ZL201710002752.5	the Company	January 2, 2037
25.	Fast time base correction device for digitized composite video signal (數字化複合視頻信號的快速時基校正裝置)	Invention	PRC	ZL201010248489.6	the Company	August 8, 2030
26.	Hardware acceleration method and computing system for long-short term memory neural network (一種長短期記憶神經網絡硬件加速方法與計算系統)	Invention	PRC	ZL202210618171.5	Zhejiang Xinsheng	June 1, 2042

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
27.	Multi-base island lead frame structure for PSE power controller packaging (一種用於 PSE 電源控制器封裝的多基島引線框架結構)	Utility model	PRC	ZL202220177751.0	Zhejiang Xinsheng	January 23, 2042
28.	Voice coil motor driving method and device for same (一種音圈馬達驅動方法及用於其的裝置)	Invention	PRC	ZL202210234717.7	Zhejiang Xinsheng	March 10, 2042
29.	Channel adaptive method (一種信道自適應方法)	Invention	PRC	ZL202110652000.X	Zhejiang Xinsheng	June 10, 2041
30.	Video image purple edge correction method (一種視頻圖像紫邊校正方法)	Invention	PRC	ZL202210496190.5	Zhejiang Xinsheng	May 8, 2042
31.	Convolution hardware acceleration method and convolution hardware acceleration circuit (一種卷積硬件加速方法及卷積硬件加速電路)	Invention	PRC	ZL202210131239.7	Zhejiang Xinsheng	February 13, 2042
32.	Convolution calculation method, convolution calculation device and application thereof (一種卷積計算方法、卷積計算裝置及其應用)	Invention	PRC	ZL202210335610.1	Zhejiang Xinsheng	March 31, 2042

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
33.	Echo cancellation method and echo cancellation device using same (一種回聲消除方法及使用該方法的回聲消除裝置)	Invention	PRC	ZL202110271110.1	Zhejiang Xinsheng	March 11, 2041
34.	High-frequency clock phase modulation circuit and implementation method thereof (一種高頻時鐘調相電路及其實現方法)	Invention	PRC	ZL202110841150.5	Zhejiang Xinsheng	July 25, 2041
35.	Signal transmission method for multi-channel wireless slip ring and wireless slip ring transmission system (一種多通道無綫滑環的信號傳輸方法和無綫滑環傳輸系統)	Invention	PRC	ZL202110651689.4	Zhejiang Xinsheng	June 10, 2041
36.	Human shape detection method, system and monitoring equipment (人形檢測方法、系統和監控設備)	Invention	PRC	ZL202110111111.X	Zhejiang Xinsheng	January 26, 2041
37.	CABAC binarization and context model generation coding method and device (CABAC二進制化和上下文模型產生的編碼方法和裝置)	Invention	PRC	ZL202210432743.0	Zhejiang Xinsheng	April 23, 2042

No.	Patent	Type of patent	Place of Registration	Patent Number	Owner	Expiration Date
38.	Method for transmitting encryption parameters of wireless communication terminal equipment (一種無綫通信終端設備加密參數傳送的方法)	Invention	PRC	ZL201310324158.X	the Company	July 27, 2033

(iii) ***Copyrights***

As of the Latest Practicable Date, we had registered the following copyrights which we consider to be material to our business:

No.	Copyright	Place of Registration	Registered Owner	Registration Number	Registration Date
1.	Pulsar V1.0 (深度學習編譯器系統V1.0)	PRC	the Company	2020SR1626539	October 17, 2020
2.	Image ISP debugging tools V1.0 (芯昇影像ISP標定與在線分析軟體V1.0)	PRC	Zhejiang Xinsheng	2022SR1545196	August 1, 2022
3.	Core rising four channel analog composite video coding software (芯昇四通道模擬複合視頻解碼軟件)	PRC	Zhejiang Xinsheng	2021SR1061098	July 24, 2020
4.	Huatu Digital Walkie Talkie Protocol Library Software (華圖數字對講機協定庫軟件)	PRC	Zhejiang Huatu	2015SR239422	August 11, 2015

(iv) ***Domain Name***

As of the Latest Practicable Date, we owned the following domain name, which we consider to be or may be material to our business:

No.	Domain Name	Registration Owner	Expiry Date
1.	www.axera-tech.com	Our Company	October 10, 2026

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights that were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(i) *Disclosure of Interests*

Saved as disclosed below, immediately following completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming that the Over-allotment Option is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Name	Positions	Nature of Interest (1)	Description of Shares	Number of Share held as of the Latest Practicable Date	Shares held immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
					Number	% of shareholding in the Unlisted Shares / H Shares (as appropriate)(2)	% of shareholding in the total issued share capital of our Company(2)
Dr. QIU(3)	Founder, chairperson of the Board, and executive Director	Interested in controlled corporations; interests held jointly with another person	Unlisted Shares	109,919,584	—	—	—
			H Shares	—	109,919,584	18.70%	18.70%
Mr. WANG Chen (王晨)(3)	Non-executive Director	Interested in controlled corporation	Unlisted Shares	31,081,389	—	—	—
			H Shares	—	31,081,389	5.29%	5.29%
Mr. ZHOU Siyuan (周思遠)(3)	Non-executive Director	Interested in controlled corporation	Unlisted Shares	74,878,128	—	—	—
			H Shares	—	74,878,128	12.74%	12.74%
Mr. SUN Weifeng (孫微風)	Executive Director and chief executive officer	Other(4)	Unlisted Shares	19,155,046	—	—	—
			H Shares	—	19,155,046	3.26%	3.26%
Mr. SHI Xiaoye (施曉燁)	Executive Director and chief financial officer	Other(4)	Unlisted Shares	18,723,884	—	—	—
			H Shares	—	18,723,884	3.19%	3.19%

Name	Positions	Nature of Interest (1)	Description of Shares	Number of Share held as of the Latest Practicable Date	Shares held immediately following the completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised)		
					Number	% of shareholding in the Unlisted Shares / H Shares (as appropriate)(2)	% of shareholding in the total issued share capital of our Company(2)
Mr. WANG Yuan (王遠)	Executive Director and vice president	Other(4)	Unlisted Shares	3,812,983	—	—	—
			H Shares	—	3,812,983	0.65%	0.65%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 587,760,481 H Shares in issue immediately upon completion of the Global Offering and the Conversion of Unlisted Shares into H Shares (assuming the Over-allotment Option is not exercised).

(3) Details of interest of Dr. QIU, Mr. WANG Chen and Mr. ZHOU Siyuan are set out in "Substantial Shareholders" of this prospectus.

(4) Pursuant to the Restricted Share Incentive Scheme, each of Mr. SUN Weifeng (孫微風), Mr. SHI Xiaoye (施曉燁) and Mr. WANG Yuan (王遠) were granted restricted Shares of our Company taking in the form of partnership interests in our Employee Incentive Platforms. For details, please refer to in "History, Development and Corporate Structure—Our Employee Incentive Platforms" in this prospectus and "—Restricted Share Incentive Scheme" in this section below.

(ii) *Particulars of Service Contracts*

Our Company has entered into a service contract or letter of appointment with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observations of Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective effective date of his/her respective effective date of his/her appointment; (b) each of the agreements is subject to termination in accordance with their respective terms.

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

(iii) *Directors' and Supervisors' Remuneration*

For details of the Directors' and Supervisors' remuneration, see "Directors, Supervisors and Senior Management—Remuneration of Directors, Supervisors and Five Highest Paid Individuals", notes 8 and 9 to the Accountants' Report as set out in Appendix I to this prospectus.

2. Substantial Shareholders

(i) *Interest in the Shares of Our Company*

For information on the persons who will, immediately following the completion of the Global Offering, having or be deemed or taken to have beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any meeting of our Company, see "Substantial Shareholders."

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of our Company.

(ii) ***Interest in the Shares of Our Company's Subsidiaries***

As of the Latest Practicable Date, save as disclosed in "History, Development and Corporate Structure," so far as our Directors are aware, no person (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group.

3. Disclaimers

(i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix, none of our Directors, Supervisors or any of the parties listed in "—E. Other Information—7. Consents of Experts" in this section:

(a) is interested in our promotion, or in any assets which, within the two years immediately preceding the date of this prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(b) is materially interested in any contract or arrangement subsisting at the date of this prospectus that is significant in relation to our business;

(ii) Save as disclosed in this Appendix and in connection with the Underwriting Agreements, none of the parties listed in "—E. Other Information—7. Consents of Experts" in this section:

(a) is interested legally or beneficially in any Shares in any member of our Group; or

(b) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(iii) None of our Directors or Supervisors or their close associates or any Shareholders of our Company who, to the knowledge of our Directors, owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(iv) Save as disclosed in "Substantial Shareholders," none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. RESTRICTED SHARE INCENTIVE SCHEME

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

As of the Latest Practicable Date, the Employee Incentive Platforms held 87,013,306 Shares, representing 14.80% of the issued Shares immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised). For further details, please refer to “History, Development and Corporate Structure—Our Employee Incentive Platforms” in this prospectus.

(a) Purpose

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

(b) Participants

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

(c) Types of Awards

The Restricted Share Incentive Scheme governs two types of awards, including:

(i) Awards that have been granted to the Participants and vested, including the Shares indirectly held by Huatu Participants that converted from their corresponding equity interests in Zhejiang Huatu through pursuant to the share swap conducted by the Company and the selling shareholders of Zhejiang Huatu, for details, please refer to “History, Development and Corporate Structure—Major Acquisitions, Disposals and Mergers in this prospectus, which remain subject to standard restrictions including limitation on transferability and Lock up Period (as defined below) under the Restricted Share Incentive Scheme (the “**Vested Restricted Shares**”); and

(ii) Awards that have been granted to the Participants but subject to the Vesting Schedule (as defined below) (the “**Unvested Restricted Shares**”, collectively, the “**Awards**”).

(d) Form of the Restricted Share Incentive Scheme

The Participants, as partners of the Employee Incentive Platforms, which are in the form of limited partnerships, are entitled to subscribe for the limited partnership interests of the Employee Incentive Platforms, thereby indirectly holding the Shares of the Company by virtue of their capacity as limited partners of the Employee Incentive Platforms.

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

Participants will be interested in a total of 87,013,306 Shares through holding the limited partnerships in the Employee Incentive Platforms, representing 14.80% of the Share of our Company in issue immediately following the Global Offering (assuming that the Over-allotment Option is not exercised).

(f) Administration

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

The Administrator shall report annually to the Board on the specific implementation of the Restricted Share Incentive Scheme.

(g) Vesting schedule and condition

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

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

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

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

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

(h) Lock up Period

The Shares indirectly held by Participants pursuant to the Restricted Share Incentive Scheme are subject to a lock up period (the "**Lock up Period**") from the date of grant of the Awards to the later of (i) contractual lock-up period, which is divided into four phases, ranging from the Listing Date to the end of the 12-18 month period, 18-36 month period, 36-48 month period, and the period after 48 months; and (ii) statutory lock-up period, the expiry of statutory lock up period of the relevant Awards in accordance with laws, regulations and requirements of the CSRC and the Stock Exchange after Listing, if any.

During the Lock up Period, the Participant shall not transfer the Awards or create a pledge over the Awards without the consent of the general partners of the Employee Incentive Platforms and the Administrator.

(i) Cancelation and repurchase of the Awards

Where any of the following events occurs, the Awards shall be canceled or repurchased by the general partner of the Employee Incentive Platforms or other purchasers designated by the Administrator.

Events	**Treatment of the Awards/ the consideration for repurchase**
(i) Voluntary Surrender	
For the Participants voluntarily surrender the Awards	The Awards will be repurchased by other partners of the Employee Incentive Platforms or other purchasers designated by the Administrator at the consideration of nil.

Events	Treatment of the Awards/ the consideration for repurchase
(ii) Failure to satisfy vesting conditions	
For the Participants failed to satisfy the Vesting Condition (for the Unvested Restricted Shares)	The Administrator shall designate a purchaser to repurchase all or part of the restricted Shares held by the Participant at the lower of: (i) the actual subscription price paid by the Participant; or (ii) 20% of the fair market value of the restricted Shares held by the Participants, which shall be determined based on: (a) the Company's most recent financing valuation (before the Listing); or (b) the average closing price over the twenty (20) trading days prior to the relevant date (after the Listing).
(iii) Cessation of employee relationship with the Company and/or its subsidiaries	
In the event a Participant's employment is terminated due to: (i) mutual agreement with the Group, (ii) disability, death, retirement, or expiration of employment contract without renewal, or (iii) Group-initiated workforce reduction (the "**Non-Fault Termination**")	For Vested Restricted Shares: (a) Before the Listing: The Company/ Administrator shall repurchase the restricted Shares at the higher of: (i) the actual paid subscription price paid by the Participant; or (ii) 20% of the fair market value of the Participant's partnership interests in the Employee Incentive Platforms as of the date of the Non-Fault Termination, minus any unpaid subscription amounts. (b) After the Listing: Participant may retain the restricted Shares and the Company/Administrator shall repurchase the restricted Shares at the of consideration equal to the fair market value of the Participant's partnership interests in the Employee Incentive Platforms as of the date of the Non-Fault Termination (subject to Lock up Period/limitation on transfer). All Unvested Restricted Shares shall be canceled, and the Company/Administrator shall repurchase the restricted Shares at the lower of (subject to alternative arrangements negotiated between the Participants and the Company): (a) the actual paid subscription price paid by the Participant for the restricted Shares; or (c) 20% of the fair market value of the Participant's partnership interests in the Employee Incentive Platforms as of the date of the Non-Fault Termination, minus any unpaid subscription amounts.

Events	Treatment of the Awards/ the consideration for repurchase
In the event a Participant's employment is terminated due to (i) accepts equity incentives from another entity during participation in the Restricted Share Incentive Scheme (unless expressly approved by the Administrator), or (ii) is terminated by the Group due to: (a) violation of the employment contract, code of conduct undertaking, confidentiality and intellectual property protection agreement, non-compete agreement, or the Group's charter/internal policies; (b) material breach of any laws or regulations; (c) criminal acts or administrative penalties above detention level; (d) disloyalty to the Group, including but not limited to: (i) joining/establishing a competing entity after the resignation; (ii) holding concurrent positions at competitors; (iii) unapproved benefits from related-party transactions; or (iv) solicitation of Group employees; (e) unauthorized disclosure of the terms, share prices, or entitlement details under the Restricted Share Incentive Scheme; (f) public censure by a stock exchange; (g) penalties from securities regulators for material violations; (h) disqualification as director/senior manager under the PRC Company Law; or (i) actions causing material harm to the Group's business, assets, reputation, or employees. Notwithstanding the Participant's prior Non-Fault Termination, if within twelve (12) months after the cessation of the employee relationship with the Group, the Participant engages in any of the following: (a) establishes or joins a competing entity, whether through employment, consultancy, or other competitive activities; (b) discloses the Group's trade secrets or confidential information; or (c) conducts acts materially harming the Group's business, assets, reputation, or employees.	The Administrator has the right to designate a purchaser to repurchase all or part of the Participant's restricted Shares (whether vested or unvested) at the original subscription price actually paid. The repurchase price shall reduce: (i) the compensation owed by the Participant to the Group; and (ii) any economic benefits previously received by the participant under the Restricted Share Incentive Scheme (if applicable).

Events	Treatment of the Awards/ the consideration for repurchase
(iv) Change of control, financing and qualified initial public offering	
In the event of any of the following transactions resulting in a change of control, or when the Company undertakes financing or qualified initial public offering, including: (a) change in the Company's ultimate controlling shareholder; (b) sale or disposal of all or substantially all of the Company's assets; (c) shareholder approval of a complete liquidation or dissolution plan; or (d) any reorganization, merger, consolidation or similar transaction where pre-transaction shareholders hold less than 50% of the post-transaction entity.	The Company may take any necessary actions regarding Participants' restricted Shares/partnership interests in the Employee Incentive Platforms during the preparation phase, including but not limited to designating parties to acquire such restricted Shares at the minimum legally permissible price without the Participants' consent.

(j) Transferability of the Awards

During the Lock-Up Period, the Participants shall not request the Employee Incentive Platforms to reduce their partnership interest. Furthermore, the Employee Incentive Platforms shall not repurchase the Participant's platform interests in the Employee Incentive Platforms without prior approval from both the general partner of the Employee Incentive Platforms and the Administrator.

After the Listing and the expiration of the Lock-Up Period, unless otherwise determined by the Administrator and subject to compliance with applicable listing laws and regulations, the Participants shall have the right to request the Employee Incentive Platforms to sell or transfer their corresponding restricted Shares and exit the Employee Incentive Platforms.

(k) Details of the Awards Granted and Outstanding Under the Restricted Share Incentive Scheme

As of the Latest Practicable Date, all Awards under the Employee Incentive Scheme were granted. Details of the Awards granted to Directors, Supervisors, senior management or connected persons under the Restricted Share Incentive Scheme are set out in "History, Development and Corporate Structure—Our Employee Incentive Platforms" in this prospectus.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our financial condition or results of operations.

3. The Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Shares and the H Shares to be issued pursuant to the Global Offering. All necessary arrangements have been made to enable our H Shares to be admitted into CCASS.

The Joint Sponsors confirm that they satisfy the independence criteria applicable to a sponsor set out in Rule 3A.07 of the Listing Rules.

The aggregate amount of sponsor fee payable by the Company to the Joint Sponsors is HKD6 million.

4. Compliance Advisor

Our Company has appointed BOCOM International (Asia) Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

5. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

6. Taxation of holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see the section headed "Regulatory Overview" in this prospectus.

7. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
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 as defined under the SFO
Guotai Junan Capital Limited	Licensed to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
BOCOM International (Asia) Limited	Licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
CM Law Firm	PRC Legal Advisors to our Company

Name	Qualification
KPMG	Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
China Insights Consultancy	Independent industry consultant
Pillsbury Winthrop Shaw Pittman LLP	U.S. export control and sanctions counsel

As of the Latest Practicable Date, save as disclosed in "—E. Other Information—3. The Joint Sponsors", none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Promoters

The promoters of our Company are all of the 41 Shareholders of our Company as of March 8, 2024.

(1) Jiaxing Zhixin Yuanzhi Enterprise Management Center L.P. (嘉興智芯元智企業管理合夥企業(有限合夥)) (previously known as Qingdao Zhixin Yuanzhi Enterprise Management Center L.P. (青島智芯企業管理中心(有限合夥))

(2) Jiaxing Aixin Enterprise Management Center L.P. (嘉興愛芯企業管理合夥企業(有限合夥)) (previously known as Qingdao Aixin Enterprise Management Center L.P. (青島愛芯企業管理中心(有限合夥))

(3) Wuhu Kuangyun Artificial Intelligence Industry Investment Fund (Limited Partnership) (蕪湖曠沄人工智能產業投資基金（有限合夥))

(4) Shanghai Bonasi Enterprise Management Center L.P. (上海博納斯企業管理中心(有限合夥)) (previously known as Tianjin Bonasi Enterprise Management Center (Limited Partnership) (天津博納斯企業管理中心（有限合夥) and Qingdao Bonasi Enterprise Management Center (Limited Partnership) (青島博納斯企業管理中心（有限合夥))

(5) Tianjin Weihao TEDA Haihe Equity Investment Partnership (Limited Partnership) (天津韋豪泰達海河股權投資合夥企業（有限合夥))

(6) Beijing Kuxun Technology Co., Ltd. (北京酷訊科技有限公司)

(7) Ningbo Yongxin Weihao Phase III Semiconductor Industry Investment Partnership (Limited Partnership) (寧波甬欣韋豪三期半導體產業投資合夥企業（有限合夥))

(8) Tencent Venture Investment (Guangxi) Co., Ltd. (廣西騰訊創業投資有限公司)

(9) Ningbo Zhenhai Weiyuan Zhenxin Phase I Semiconductor Industry Investment Partnership (Limited Partnership) (寧波市鎮海威遠鎮芯一期半導體產業投資合夥企業（有限合夥))

(10) Beijing Qiming Rongxin Equity Investment Partnership (Limited Partnership) (北京啓明融新股權投資合夥企業（有限合夥))

(11) Suzhou Qiming Rongying Venture Investment Partnership (Limited Partnership) (蘇州啓明融盈創業投資合夥企業（有限合夥))

(12) Suzhou Xingfan Venture Investment Partnership (Limited Partnership) (蘇州星梵創業投資合夥企業（有限合夥))

(13) Suzhou Industrial Park Qiming Rongke Equity Investment Partnership (Limited Partnership) (蘇州工業園區啓明融科股權投資合夥企業（有限合夥))

(14) Guangdong Yuntai Equity Investment Center (Limited Partnership) (廣東雲泰股權投資中心（有限合夥))

(15) Suzhou Qihua Phase 10 Venture Investment Partnership (Limited Partnership) (蘇州啓華十期創業投資合夥企業（有限合夥))

(16) Yiwu Weihao Chuangxin Phase I Equity Investment Partnership (Limited Partnership) (義烏韋豪創芯一期股權投資合夥企業（有限合夥))

(17) Yu Renrong (虞仁榮)

(18) Suzhou Jiyuan Haoyue Venture Investment Partnership (Limited Partnership) (蘇州紀源皓月創業投資合夥企業（有限合夥))

(19) Shenzhen Longzhu Equity Investment Fund Partnership (Limited Partnership) (深圳龍珠股權投資基金合夥企業（有限合夥))

(20) Guangdong Heju Minghong Equity Investment Center (Limited Partnership) (廣東和聚明宏股權投資中心（有限合夥))

(21) Guangdong Heju Chongyue Equity Investment Partnership (Limited Partnership) (廣東和聚崇櫟股權投資合夥企業（有限合夥))

(22) Suzhou Jiyuan Haoyuan Venture Investment Partnership (Limited Partnership) (蘇州紀源皓元創業投資合夥企業（有限合夥))

(23) Tianjin Yuzhi Technology Center (Limited Partnership) (天津禦智科技中心（有限合夥))

(24) Shanghai Xinju High-Tech Service Co., Ltd. (上海新炬高新技術服務有限公司)

(25) Suzhou Yaotu Jinqu Venture Investment Partnership (Limited Partnership) (蘇州耀途進取創業投資合夥企業（有限合夥))

(26) Pingtan Fengyuan Huixin Equity Investment Partnership (Limited Partnership) (平潭馮源繪芯股權投資合夥企業（有限合夥))

(27) Guangdong Wenquan Equity Investment Center (Limited Partnership) (廣東文泉股權投資中心（有限合夥))

(28) Ningbo Huayan Chuangxi Venture Capital Partnership (Limited Partnership) (寧波華晏創璽創業投資合夥企業（有限合夥))

(29) Jiangsu Jiequan Yuanhe Puhua Equity Investment Partnership (Limited Partnership) (江蘇疌泉元禾璞華股權投資合夥企業（有限合夥))

(30) Wanwu Phase I (Xiamen) Venture Investment Partnership (Limited Partnership) (萬物一期（廈門）創業投資合夥企業（有限合夥))

(31) Zhoushan Weixin Equity Investment Partnership (Limited Partnership) (舟山巍芯股權投資合夥企業（有限合夥))

(32) Guangdong Wenjia Equity Investment Partnership (Limited Partnership) (廣東文嘉股權投資合夥企業（有限合夥))

(33) Beijing Xingfan Venture Investment Partnership (Limited Partnership) (北京星梵創業投資合夥企業（有限合夥))

(34) Jinjiang Fengyuan (which assigned to Ningbo Fengyuan No. 1 Equity Investment Partnership (Limited Partnership) (寧波馮源一號股權投資合夥企業（有限合夥)

(35) Hefei Shixi Chanheng Integrated Circuit Venture Investment Fund Partnership (Limited Partnership) (合肥石溪產恒集成電路創業投資基金合夥企業（有限合夥))

(36) Guangdong Yunqi Equity Investment Center (Limited Partnership) (廣東雲綺股權投資中心（有限合夥))

(37) Beijing Anrong Enterprise Management Development Center (Limited Partnership) (北京安榕企業管理發展中心（有限合夥))

(38) Zhoushan Zhixin Equity Investment Partnership (Limited Partnership) (舟山知芯股權投資合夥企業（有限合夥)

(39) Ningbo Yaotu Growth Venture Investment Partnership (Limited Partnership) (寧波耀途成長創業投資合夥企業（有限合夥))

(40) Hangzhou Dayu Venture Capital Partnership (Limited Partnership) (杭州大宇創業投資合夥企業（有限合夥）)

(41) Shenzhen Qianhai Zhiyu Investment Partnership (Limited Partnership) (深圳前海知宇投資合夥企業（有限合夥)

Save as disclosed in "History, Development and Corporate Structure," within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering and the related transactions described in this prospectus.

9. Bilingual Document

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

11. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since September 30, 2025, being the date of our consolidated financial statements as set out in "Accountants' Report" in Appendix I to this prospectus up to the date of this prospectus.

12. Miscellaneous

(i) Save as disclosed in "History, Development and Corporate Structure" and this Appendix and in connection with the Underwriting Agreements, within the two years immediately preceding the date of this prospectus:

(a) no share or loan capital of our Company or any of its subsidiaries has been issued nor agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any Share or loan capital of our Company or any of our subsidiaries;

(c) no Share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option; and

(d) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions of any share in our Company or any of our subsidiaries;

(ii) We have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iii) There are no arrangements under which future dividends are waived or agreed to be waived;

(iv) There are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this prospectus;

(vi) There are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(vii) No part of the equity or debt securities of our Company or any member of our Group, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought; and

(viii) Our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—7. Consents of Experts;" and

(b) copies of the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.axera-tech.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report from KPMG, the text of which is set out in Appendix I to this prospectus;

(c) the audited financial statements of our Group for the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025;

(d) the report on unaudited pro forma financial information of our Group from KPMG, the text of which is set out in Appendix II to this prospectus;

(e) the letters in connection with the loss estimate of our Group for the year ended December 31, 2025 from KPMG and Joint Sponsors referred to in Appendix IIA to this prospectus;

(f) the legal opinions issued by CM Law Firm, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;

(g) the legal opinion on U.S. export control and sanctions matters issued by Pillsbury Winthrop Shaw Pittman LLP;

(h) the industry report prepared by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview" section;

(i) a copy of each of the PRC Company Law, the PRC Securities Law, the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and the Guidelines for Articles of Association together with their unofficial English translation;

(j) the material contracts referred to in "Appendix IV—Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts;"

(k) the written consents referred to in "Appendix IV—Statutory and General Information—E. Other Information—7. Consents of Experts;" and

(l) the service contracts referred to in "Appendix IV—Statutory and General Information—C. Further Information about Our Directors, Supervisors and Substantial Shareholders—1. Directors—(ii) Particulars of Service Contracts."

AXERA
愛芯元智