



聖邦微電子(北京)股份有限公司 SG MICRO CORP

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

Stock code: 3661



GLOBAL OFFERING

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



IMPORTANT

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



SG Micro Corp 聖邦微电子（北京）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 under the Global Offering	: 54,001,200 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 5,400,200 H Shares (subject to reallocation)
Number of International Offer Shares	: 48,601,000 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$85.20 per H Share, plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% 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	: 3661

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



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

A copy of this prospectus, having attached thereto the documents specified in “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII 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 and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, June 24, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Wednesday, June 24, 2026 (Hong Kong time). The Offer Price will not be more than HK\$85.20 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Wednesday, June 24, 2026 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sg-micro.com as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further details, see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares.”

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. See “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed “Risk Factors.”

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 or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

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

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

June 17, 2026

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

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

This prospectus is available on the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and the website of our Company at www.sg-micro.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

- (1) apply online through the **HK eIPO White Form** service at www.hkeipo.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your **broker** or **custodian** who is 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 (Chapter 32 of the Laws of Hong Kong).

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

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

Your application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel must be for a minimum of 100 Hong Kong Offer Shares and in one of the numbers set out in the table.

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

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

IMPORTANT

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>		<i>HK\$</i>
100	8,605.92	2,500	215,148.10	30,000	2,581,777.25	600,000	51,635,545.20
200	17,211.85	3,000	258,177.72	40,000	3,442,369.68	700,000	60,241,469.40
300	25,817.77	3,500	301,207.35	50,000	4,302,962.10	800,000	68,847,393.60
400	34,423.70	4,000	344,236.97	60,000	5,163,554.52	900,000	77,453,317.80
500	43,029.62	4,500	387,266.59	70,000	6,024,146.95	1,000,000	86,059,242.00
600	51,635.55	5,000	430,296.21	80,000	6,884,739.35	1,500,000	129,088,863.00
700	60,241.47	6,000	516,355.45	90,000	7,745,331.78	2,000,000	172,118,484.00
800	68,847.39	7,000	602,414.69	100,000	8,605,924.20	2,700,100 ⁽¹⁾	232,368,559.32
900	77,453.32	8,000	688,473.93	200,000	17,211,848.40		
1,000	86,059.24	9,000	774,533.17	300,000	25,817,772.60		
1,500	129,088.86	10,000	860,592.42	400,000	34,423,696.80		
2,000	172,118.49	20,000	1,721,184.85	500,000	43,029,621.00		

Notes:

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

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

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at www.sg-micro.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences	Wednesday, June 17, 2026
Latest time for completing electronic applications under the HK eIPO White Form service through the designated website at www.hkeipo.hk ⁽²⁾	11:30 a.m. on Tuesday, June 23, 2026
Application lists open ⁽³⁾	11:45 a.m. on Tuesday, June 23, 2026
Latest time for (a) completing payment of HK eIPO White Form 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 Tuesday, June 23, 2026

If you are instructing your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction, 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 Tuesday, June 23, 2026
Expected Price Determination Date	at or before 12:00 noon on Wednesday, June 24, 2026

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.sg-micro.com ⁽⁵⁾ at or before	11:00 p.m. on Thursday, June 25, 2026

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at www.sg-micro.com and www.hkexnews.hk, respectively at or before 11:00 p.m. on Thursday, June 25, 2026
- Results of allocation for the Hong Kong Public Offering will be available at the "Allotment Results" page from the designated results of allocations website at www.hkeipo.hk/IPOResult (or www.tricor.com.hk/ipo/result) with a "search by ID" function from 11:00 p.m. on Thursday, June 25, 2026 to 12:00 midnight on Wednesday, July 1, 2026
- from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, June 26, 2026 to Thursday, July 2, 2026 (except Saturday, Sunday and public holidays in Hong Kong)

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before ⁽⁶⁾⁽⁸⁾	Thursday, June 25, 2026

HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful application under the Hong Kong Public Offering to be dispatched on or before ⁽⁷⁾⁽⁸⁾ ...	Friday, June 26, 2026

EXPECTED TIMETABLE⁽¹⁾

Dealings in the H Shares on the Stock Exchange expected to commence at

9:00 a.m. on Friday, June 26, 2026

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application under the **HK eIPO White Form** service through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 23, 2026, the application lists will not open or close on that day. For details, please refer to the paragraph headed “How to Apply for Hong Kong Offer Shares—E. Bad Weather Arrangements” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by instructing their broker or custodian to give **electronic application instructions** to HKSCC via FINI should refer to the paragraph headed “How to Apply for Hong Kong Offer Shares—A. Application for Hong Kong Offer Shares—2. Application Channels” in this prospectus.
- (5) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (6) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination” has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.
- (7) **HK eIPO White Form** e-Auto Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the maximum price payable per Offer Share on application.
- (8) 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.
Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to the paragraph headed “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus for details.
Applicants who have applied through the **HK eIPO White Form** 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 **HK eIPO White Form** e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks in favor of the applicant (or, in the case of joint applications, the first-named applicant) by ordinary post at their own risk.
Any uncollected H Share certificates will be dispatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.
Further information is set out in the paragraphs headed “How to Apply for the Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies.”

The above-expected timetable is a summary only. For further details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please see “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus, respectively.

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

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and 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 making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by the Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters and the Capital Market Intermediaries, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering. Information contained on our website (www.sg-micro.com) does not form part of this prospectus.

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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. Moreover, there are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors.” You should read the entire prospectus carefully before you decide to invest in the Offer Shares.

WHO WE ARE

We are a leading analog integrated circuit (“IC”) company in China. We design, develop and sell analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. According to Frost & Sullivan, in terms of revenue in 2025, we ranked first among domestic companies and eighth among global companies in the China analog IC market, representing a market share of 1.8%.

Since our founding in 2007, we have developed a comprehensive and expanding product portfolio that extends the reach of what electronics can achieve. With over 7,200 analog and sensor products spanning 38 categories as of the Latest Practicable Date, we offer system-ready solutions backed by robust design and process capabilities that shorten time-to-market. We deliver analog advances that move customers forward in every generation of their designs and innovations. Having long been core components in end markets such as industrial, networking and consumer electronics, our products are also contributing to broader uptake in applications across electric vehicles (“EVs”), data centers, robotics, renewable energy and next-generation consumer devices.

OUR PRODUCTS

We offer a wide, differentiated portfolio of general-purpose and application-optimized analog products, encompassing signal chain and power management, the twin pillars of our product matrix that define our role as a major provider of analog ICs in China.

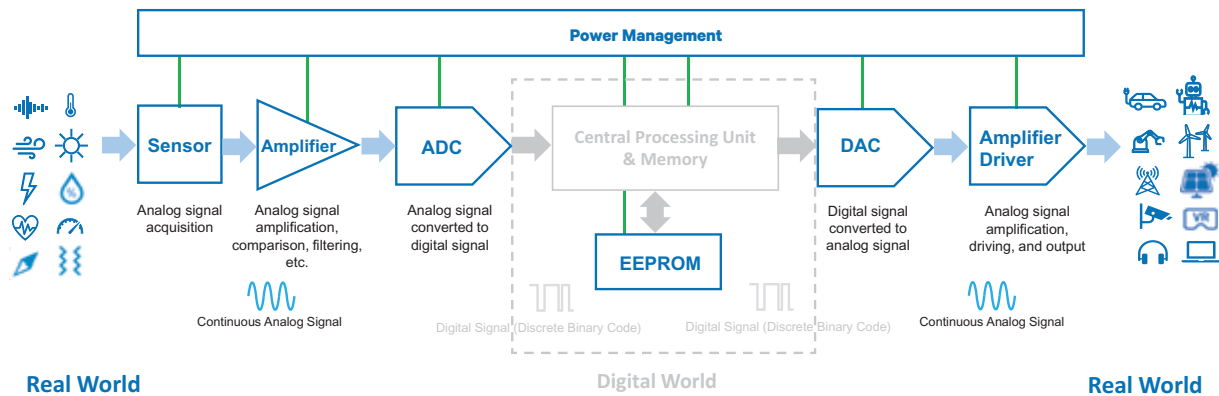
Our signal chain ICs help electronic devices interpret the physical world. They take signals that come from sensors and prepare them for digital processing. Our signal chain ICs capture, condition and amplify signals from the physical world and convert them into digital data with high accuracy. Our products maintain data integrity from the point of acquisition to the final output, which is important for applications that require precise measurement, low noise and minimal error.

Our power management ICs control how energy is delivered within an electronic device. They determine how much power each part of a device receives, convert power into the levels required by different components and distribute power safely through the system. They also guard against issues such as surges or irregular power flow. By keeping power steady and well regulated, these products help systems operate reliably and use energy efficiently.

Complementing our analog portfolio, we also provide a specialized range of sensors that mark the entry point of connection between the real and digital worlds, delivering high-precision measurement and monitoring of key environmental and physical parameters.

SUMMARY

The following diagram illustrates the signal chain, power management and sensor within a simplified electronic system:



Block Diagram of Main Components in Electronic Systems

Our leadership in product offerings rests on several core strengths:

- A Comprehensive, Expanding Portfolio.** We provide customers with a breadth of differentiated analog ICs and sensors engineered to work cohesively out-of-the-box, simplifying component selection and system-level architecture decisions. Among over 7,200 products, (i) 19 categories are signal chain products that cover the entire signal path from acquisition and conditioning to conversion and transmission, including amplifiers, comparators, analog switches, data converters and EEPROM, (ii) 17 categories are power management products, such as DC/DC converters, low-dropout regulators (“**LDOs**”), AMOLED power supply ICs and lithium battery charging and protection ICs, and (iii) two categories are sensors including temperature sensors and magnetic sensors. With an agile, customer-centric innovation cycle, we maintain a rapid product rollout cadence, launching approximately 3,400 new products during the Track Record Period and up to the Latest Practicable Date.
- Forward-Leaning Analog Design.** Our product development strategy focuses on differentiated solutions that address critical gaps in high-performance analog markets, particularly in applications requiring high voltage tolerance, high integration and novel power delivery architectures. According to Frost & Sullivan, we have introduced a series of analog products in China that advance performance, efficiency and system-level capability, such as a 60nA ultra-low quiescent current synchronous buck converter, an ultra-low-noise op amp with an input voltage noise density of 1.6 nanovolts per square root hertz, an 18-bit SAR ADC with a sampling rate of 2 MSPS and a signal-to-noise ratio (“**SNR**”) of 99 decibels, a high-accuracy Thermo-Electric Cooler (“**TEC**”) controller and Electro-absorption Modulated Laser (“**EML**”) bias power supply.
- High-Integrity Analog Performance.** Our analog innovations achieve high precision, minimal noise, high-speed response and low power consumption for high-performance and high-reliability systems. They maintain consistent accuracy across wide operating conditions, protect signal integrity in sensitive applications and respond swiftly to time-critical operations. Engineered for energy efficiency, our analog products achieve peak performance with minimal power draw, making them ideal for demanding applications.

SUMMARY

- **System-Level Cost Optimization.** Our products are optimized beyond mere datasheet specifications to deliver lower total cost of ownership. We achieve this through premium quality, inherent reliability and long lifecycle support, reducing the need for over-design and mitigating field failure risks.

OUR TECHNOLOGY

Our technological edge derives from proprietary R&D in advanced circuit design and process technologies, driving analog breakthroughs in signal and power integrity as well as system reliability and safety across diverse applications.

- **Solid Design Capabilities.** Our design strengths deliver strong performance in high-performance signal conditioning, efficient power management and advanced sensor solutions to power next-generation electronic systems. The signal conditioning suite spans high-precision, low-noise, high-speed, high-voltage and low-power analog functions, delivering high fidelity and rapid responsiveness. In power management, we provide battery charging and protection, display power and driver ICs, and high-efficiency DC/DC and LDO products engineered for minimal quiescent current and compact footprints. For example, our 60nA ultra-low quiescent current DC/DC converter and 250nA ultra-low quiescent current LDO, together with sub-millimeter LDO (0.63mm×0.63mm) and operational amplifier (op amp) and comparator (0.8mm×0.8mm) exemplify leading low-power, high-efficiency and miniaturized analog design, enabling precise performance in space- and energy-constrained applications. We elevate the standard of analog integration with 2mm×2mm power modules that integrate an inductor, capacitor and DC/DC converter to deliver outstanding power efficiency in a minimal footprint. Our sensor technologies, including high-sensitivity magnetic and high-precision temperature sensors, integrate signal processing, flexible output interfaces and built-in calibration to deliver accuracy, stability and operational robustness in rigorous environments.
- **Proprietary Process Technology.** We believe our proprietary process technology is a strategic asset. By adapting foundry process recipes, we have developed processes that deliver higher performance than standard flows, aligning with our broad product portfolio and enabling us to serve diverse applications and markets without being tied to a single process. We operate under a fabless model integrating our proprietary process expertise into the standard fabless model. By fine-tuning key parameters across performance, yield and cost, our products achieve the stringent requirements of precision-driven applications, delivering high-level performance and improved power efficiency while scaling efficiently from prototyping to high-volume manufacturing.
- **Vast IP Repertoire.** We have developed an extensive suite of analog products leveraging proprietary IP and process technologies. For instance, we hold a patent for the single-inductor, multiple-output (“**SIMO**”) topology for power management ICs and AMOLED displays, delivering multiple supply voltages from a single inductor with high efficiency, a reduced board footprint and lower power dissipation. As of December 31, 2025, in China and overseas, we had 588 granted patents, including 497 invention patents, and 401 IC layout design registrations.

SUMMARY

OUR DEMAND-DRIVEN GO-TO-MARKET STRATEGY

We leverage a land-and-expand model that deepens customer engagement through repeated design wins across customer systems. Our early involvement during customer design-in cycles allows us to establish technical credibility and commercial trust before securing design-win status. We maintain disciplined, iterative processes for need capture and requirements translation, which enable us to accurately interpret nuanced customer demands into precise engineering specifications and performance benchmarks. Our sales, marketing and field application teams operate at the frontline, continuously capturing industry trends and delivering a high-frequency stream of ground-level, actionable insights that directly sharpen our R&D direction. By working alongside customers from system specification to on-site validation, we accelerate deployment cycles, synchronize our roadmap with customers' next-generation systems and compress time-to-market windows. These long-term engagements enable us to serve over 6,000 end customers in 2025, positioning us as a preferred partner for end markets such as industrial & energy, automotive, networking & computing and consumer electronics.

OUR MARKET OPPORTUNITIES

Our ability to bridge the real and digital worlds places us at the center of transformative discoveries. The intelligence era is characterized by ubiquitous sensing, hyper-scale and edge computing, artificial general intelligence and pervasive connectivity. These convergent forces are reshaping the global economic and technological landscape, creating an arena where product innovation and performance are paramount.

- **Industrial & Energy.** Emerging technologies such as predictive maintenance, digital twins, smart grids and embodied AI in robotics and industrial machinery are ushering in a new industrial era. These developments are driving expansion in the analog IC market for the industrial & energy sector, which is estimated to reach RMB77.3 billion by 2030, according to Frost & Sullivan. Our analog portfolio powers these industrial applications with products continuously optimized on par with evolving demands. High-voltage, high-current motor driver ICs enable precise, reliable control of robotic actuators and industrial machinery, supporting greater efficiency, precision and autonomy on the factory floor and across energy and infrastructure networks.
- **Automotive.** The automotive industry is shifting beyond electrification toward smart mobility and connectivity, fueling growth in the automotive analog IC market to reach RMB105.3 billion by 2030, with a CAGR of 16.9% from 2026 to 2030, according to Frost & Sullivan. We support leading OEMs with a focused portfolio supporting LiDAR, radar, camera power management, display drivers and body control modules (“**BCMs**”). Our high-side/low-side driver ICs, electronic fuses (“**eFuses**”) and magnetic sensors enable robust power switching, circuit protection and accurate position sensing for EVs and smart vehicles. The portfolio meets stringent automotive-grade reliability and functional safety standards, including ISO 26262 compliance, enabling advanced sensing and centralized E/E architectures.
- **Networking & Computing.** Hyperscalers race to build next-generation data centers and secure critical computing capacity, creating an execution gap where adoption is outpacing the ability to deploy at scale. According to Frost & Sullivan, the analog IC market for the networking & computing sector is forecasted to reach RMB132.7 billion by 2030, with a CAGR of 15.8% from 2026 to 2030. Our eFuses, high-power DC/DC converters, multi-

SUMMARY

phase DC/DC controllers and DrMOS enable efficient, high-current, fast-transient power delivery for CPUs and microprocessors, while our high-precision clock management devices (such as retimers) deliver timing synchronization in servers and high-speed interconnect equipment.

- **Consumer Electronics.** The rise of AI-native consumer electronics is propelling the consumer electronics analog IC market to an estimated RMB74.1 billion by 2030, according to Frost & Sullivan. We deliver differentiated, high-performance analog products characterized by ultra-low power and high integration. For example, our 60nA DC/DC converters and 300nA op amps power wearables and AR/VR devices, such as smart glasses, extend battery life and enhance immersion, while our low-noise, high-fidelity op amps and audio digital-to-analog converters (“DACs”) have become preferred choices for leading customers in high-performance audio applications.

OUR FINANCIAL ACHIEVEMENTS

In 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million RMB3,347.0 million and RMB3,898.1 million, respectively, representing a CAGR of 22.1% from 2023 to 2025. We maintained sustainable profitability throughout the Track Record Period. Our gross profit margin was 44.9%, 47.2% and 46.2%, respectively. We recorded adjusted net profit (non-IFRS measure) of RMB388.7 million, RMB576.0 million, and RMB693.5 million, respectively.

OUR STRENGTHS

Our strengths include:

- Comprehensive product portfolio powering wide adoption;
- Customer-centric, tech-powered innovation amplified by strategic synergy;
- Fabless model integrating proprietary process expertise with full-lifecycle quality management;
- High-touch customer engagement fueling widespread adoption; and
- Expert-led team catalyzing innovation and growth.

See “Business — Our Strengths” for more details.

OUR STRATEGIES

Our strategies include:

- Advance R&D to lead in technology and market;
- Further expand analog portfolio for next-generation applications;
- Optimize our business model leveraging scalable supply chain;
- Deepen customer collaboration to power product innovation; and
- Pursue strategic expansion and alliances and expand overseas market reach.

See “Business — Our Strategies” for more details.

SUMMARY

OUR BUSINESS MODEL

We operate under a fabless model integrating our proprietary process expertise into the standard fabless model. This model is a strategic advantage that allows us to channel resources into circuit design, system-level development and specialized analog processes, without incurring the capital costs of owning fabrication facilities.

Our business model supports multiple proprietary process technologies for distinct product families. We build know-how in critical areas such as high-voltage operation, ultra-low power consumption, wide temperature range and precision analog design. Our know-how and processes also support a smooth transition from prototyping to high-volume production, stabilizing our supply chain and ensuring high-quality output. These designs are then produced via selected foundry partners and OSAT providers. Our engineering samples undergo extensive validation, including performance, reliability and compliance testing, in order to ensure they meet stringent industry standards before mass production. Furthermore, as a part of our business model, we have established our own testing base to develop our specialized testing capabilities and strengthen our technological foundation. Our testing base is already capable of handling complex processes, such as the testing of high-precision ADC/DAC products.

The business model enhances operational flexibility and agility and enables us to freely select diverse process platforms and respond to evolving customer requirements and technology trends. See “Business—Our Business Model” for more details.

OUR SALES NETWORK

We sell our products through a combination of distribution channels and direct sales. We primarily rely on professional distributors to promote and sell our products. According to Frost & Sullivan, engagement of distributors for the sales of products is in line with the industry norm in the analog IC industry. During the Track Record Period, a majority of our revenue was generated from our distributors. The table below sets forth a breakdown of revenue contribution by sales channels for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Distribution sales	2,388,799	91.3	2,999,044	89.6	3,609,911	92.6
Direct sales	226,917	8.7	347,939	10.4	280,648	7.2
Others ⁽¹⁾	—	—	—	—	7,496	0.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our technology services' revenue.

See “Business—Our Sales Network” for more details.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consisted of distributors and direct sales customers. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period together generated RMB974.2 million, RMB1,190.0 million and RMB1,291.3 million of revenue, respectively, accounting for 37.3%, 35.6% and 33.1% of our total revenue, respectively.

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During the Track Record Period, our suppliers primarily consisted of foundries and OSAT providers. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year amounted to RMB1,517.5 million, RMB1,919.6 million and RMB2,180.7 million, respectively. Purchases from our five largest suppliers in each year of the Track Record Period accounted for 92.4%, 92.3% and 91.0% of our total purchases, respectively.

See “Business—Supply Chain Management—Our Major Suppliers” and “Business—Our Customers” for more details.

COMPETITION

Due to the wide range of application scenarios and the diversity of product categories, the analog IC industry has developed into a fragmented market structure characterized by the coexistence of multiple players. According to Frost & Sullivan, the market size of China’s analog IC market increased from RMB157.0 billion in 2021 to RMB218.4 billion in 2025, and is expected to continue expanding at a CAGR of 12.2% from 2026 to 2030, reaching RMB389.4 billion by 2030.

The principal competitive factors in our market include technological accumulation, a comprehensive product portfolio, stable supply chain partnerships, and brand recognition. We have demonstrated strong market competitiveness and are recognized as a leading domestic analog IC company. See “Industry Overview—China’s Analog IC Market Competition Analysis—Rankings and Market Share Analysis of Analog IC Companies” for more details. We remain focused on leveraging our R&D capabilities and comprehensive product portfolio to enhance our position in the market.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information during the Track Record Period, extracted from the Accountants’ Report set out in Appendix I to this prospectus. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, our financial statements in this prospectus, including the related notes. Our financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	2,615,716	3,346,983	3,898,055
Cost of sales	(1,440,156)	(1,766,139)	(2,095,593)
Gross profit	1,175,560	1,580,844	1,802,462
Other income and gains	120,963	108,309	193,378
Selling and marketing expenses	(198,571)	(234,184)	(258,450)
Administrative expenses	(91,409)	(106,086)	(125,874)
Research and development expenses	(737,074)	(870,747)	(1,045,195)
Impairment losses on financial and contract assets, net	(1,677)	(1,086)	(2,457)
Other expenses	(3,697)	(2,606)	(9,527)
Finance costs	(2,277)	(2,242)	(11,996)
Share of (losses)/profits of associates	(7,679)	12,581	7,549

SUMMARY

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit before tax	254,139	484,783	549,890
Income tax credit/(expense)	15,798	6,379	(15,515)
Profit for the year	269,937	491,162	534,375

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the year, excluding equity-settled share-based transactions. Equity-settled share-based transactions represent the non-cash employee benefit expenses incurred in connection with our awards to key employees. Such expenses in any specific period are not expected to result in future cash payments.

The following table sets forth a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure) for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit for the year	269,937	491,162	534,375
Add:			
Equity-settled share-based transactions	118,791	84,836	159,113
Adjusted net profit for the year (non-IFRS measure)	388,728	575,998	693,488

We believe that adjusted net profit (non-IFRS 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 non-IFRS measure does not have a standardized meaning prescribed by IFRS Accounting Standards, and our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

Profit for the Year

According to Frost & Sullivan, from 2022 to 2023, the analog IC market in China experienced a temporary slowdown as weaker macroeconomic conditions led to softer end-market demand. The most significant impact came from the consumer electronics sector, where shipments of smartphones, PCs and other personal devices declined materially, resulting in reduced procurement by device manufacturers and channel partners and moderating overall market growth during the period. In 2024 and 2025, consumer electronics shipments began to recover, partially supported by AI-related infrastructure upgrades, and the analog IC market accordingly resumed its growth trajectory. Looking ahead, driven by the increasing adoption of AI applications, the global analog IC market is expected to reach RMB927.0 billion by 2030, with a CAGR of 8.5% from 2026 to 2030, according to Frost & Sullivan.

SUMMARY

During the Track Record Period, we recorded profit of RMB269.9 million, RMB491.2 million and RMB534.4 million in 2023, 2024 and 2025, respectively. Our profit increased by 82.0% from RMB269.9 million in 2023 to RMB491.2 million in 2024, mainly due to the market recovery. Our profit increased by 8.8% from RMB491.2 million in 2024 to RMB534.4 million in 2025, mainly due to the growth in the sales volume of our products in 2025 as a result of the recovery of the market.

Revenue by Product Type

The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as a percentage of the total revenue, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	1,746,024	66.8	2,181,660	65.2	2,379,834	61.1
Signal chain ICs	864,242	33.0	1,156,700	34.5	1,471,023	37.7
Others ⁽¹⁾	5,450	0.2	8,623	0.3	47,198	1.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our revenue from our sensor products and technology services. Technology services represented the service fees charged for providing customized development products for customers.

Revenue by Geographic Location

During the Track Record Period, we generated revenue from multiple regions, primarily including Hong Kong, Chinese Mainland and Taiwan. The following table sets forth a breakdown of our revenue by geographic market for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Hong Kong	1,358,701	51.9	1,484,881	44.4	1,921,049	49.3
Chinese Mainland	1,042,216	39.8	1,497,608	44.7	1,635,122	41.9
Taiwan	91,117	3.5	134,205	4.0	171,691	4.4
Others ⁽¹⁾	123,682	4.8	230,289	6.9	170,193	4.4
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

Note:

(1) Others primarily include our revenue from Singapore, Germany, South Korea and Japan.

Our revenue increased by 16.5% from RMB3,347.0 million in 2024 to RMB3,898.1 million in 2025, primarily attributable to an increase in our revenue generated from sales of signal chain ICs and power management ICs, mainly due to the increased sales volume in line with the increasing demand from end customers.

Our revenue increased by 28.0% from RMB2,615.7 million in 2023 to RMB3,347.0 million in 2024, primarily attributable to an increase in our revenue generated from sales of our products, mainly due to the overall recovery of the analog IC industry.

Please see “Financial Information — Discussion of Results of Operations”, and “Financial Information — Key Components of Our Consolidated Statements of Profit or Loss — Revenue — Revenue by Product Type” for more details.

SUMMARY

Gross Profit and Gross Margin

The following table sets forth our gross profit and gross margin for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
<i>(RMB in thousands, except for percentages)</i>						
Power Management ICs	804,899	46.1	1,043,112	47.8	1,103,655	46.4
Signal Chain ICs	490,188	56.7	675,015	58.4	855,738	58.2
Others ⁽¹⁾	2,408	44.2	4,388	50.9	26,328	55.8
Subtotal	1,297,495	49.6	1,722,515	51.5	1,985,721	50.9
Impairment loss of Inventories	108,634		128,851		169,828	
Tax and others	13,301		12,820		13,431	
Total	1,175,560	44.9	1,580,844	47.2	1,802,462	46.2

(1) Others primarily include our sensor products and technology services.

During the Track Record Period, we maintained high gross margin primarily driven by our continuous introduction of new products and high-performance products and keeping cost-effectiveness. Besides, we continuously invest in R&D and have established a broad product portfolio. Among them, our signal chain ICs and high-end power management ICs, due to their higher technological barriers, demonstrated more favorable gross margins in the corresponding business.

Our gross profits and gross margins largely depend on our product mix, the competition we faced, the supply-demand balance in the analog IC market and general market conditions. Our gross profit and gross margin improved from 2023 to 2024, primarily due to the overall recovery of the analog IC industry where there was a rebound in product demand. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

Please see “Financial Information — Discussion of Results of Operations” and “Financial Information — Key Components of Our Consolidated Statements of Profit or Loss — Gross Profit and Gross Margin” for more details.

Summary of Consolidated Statements of Financial Position

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Non-current assets			
Property, plant and equipment	545,191	691,094	711,825
Other intangible assets	33,743	52,837	85,978
Right-of-use assets	61,747	52,060	38,837
Goodwill	80,875	78,692	301,277
Deferred tax assets	161,791	175,896	151,264
Investments in associates	423,360	508,329	555,364
Time deposits	10,182	379,427	371,754
Financial assets at fair value through profit or loss	109,163	121,849	115,991
Other non-current assets	32,336	20,321	23,371
Total non-current assets	1,458,388	2,080,505	2,355,661

SUMMARY

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current assets			
Inventories	901,367	1,164,817	1,448,216
Trade and bills receivables at amortised cost	166,472	232,764	362,830
Trade and bills receivables at fair value through other comprehensive income	—	—	260
Contract assets	—	—	2,084
Prepayments, other receivables and other assets	86,236	100,084	137,634
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087
Cash and cash equivalents	1,303,007	813,194	1,181,028
Time deposits	—	—	81,810
Restricted cash	22,289	1,755	44,540
Total current assets	3,248,464	3,690,614	4,598,489
Current liabilities			
Trade payables	264,141	316,000	400,910
Other payables and accruals	321,780	478,419	470,629
Interest-bearing bank borrowings	—	36,579	329,729
Lease liabilities	17,884	19,565	12,752
Contract liabilities	14,894	18,307	18,389
Total current liabilities	618,699	868,870	1,232,409
Net current assets	2,629,765	2,821,744	3,366,080
Total assets less current liabilities	4,088,153	4,902,249	5,721,741
Non-current liabilities			
Interest-bearing bank borrowings	—	34,121	67,172
Lease liabilities	26,992	14,370	7,767
Deferred tax liabilities	50,240	56,726	54,799
Other payables and accruals	45,581	72,071	8,703
Deferred income	71,516	75,701	68,195
Other non-current liabilities	50,000	50,000	187,999
Total non-current liabilities	244,329	302,989	394,635
Net assets	3,843,824	4,599,260	5,327,106
Equity			
Share capital	469,487	473,450	620,063
Reserves	3,381,060	4,135,777	4,674,322
Equity attributable to owners of the parent	3,850,547	4,609,227	5,294,385
Non-controlling interests	(6,723)	(9,967)	32,721
Total equity	3,843,824	4,599,260	5,327,106

We recorded net assets of RMB3,843.8 million, RMB4,599.3 million and RMB5,327.1 million as of December 31, 2023, 2024 and 2025, respectively. We also recorded net current assets of RMB2,629.8 million, RMB2,821.7 million and RMB3,366.1 million as of December 31, 2023, 2024 and 2025, respectively, which were primarily due to the growth of our business scale.

Our net assets increased from RMB3,843.8 million as of December 31, 2023 to RMB4,599.3 million as of December 31, 2024, primarily attributable to the combination of (i) our profit for the year ended December 31, 2024 of RMB491.2 million, and (ii) our equity-settled share-based payment schemes of RMB214.3 million in 2024. Our net assets increased from

SUMMARY

RMB4,599.3 million as of December 31, 2024 to RMB5,327.1 million as of December 31, 2025, primarily due to the combination of (i) our profit for the year of RMB534.4 million, (ii) equity-settled share-based payment schemes of RMB227.2 million, and (iii) share-based payment of RMB159.1 million in 2025. Please see the “Consolidated Statements of Changes in Equity” to the Accountants’ Report included in Appendix I to this prospectus.

Our net current assets increased from RMB2,821.7 million as of December 31, 2024 to RMB3,366.1 million as of December 31, 2025, primarily due to (i) an increase of RMB283.4 million in inventories, and (ii) an increase of RMB367.8 million in cash and cash equivalents, partially offset by (i) an increase of RMB84.9 million in trade payables, and (ii) an increase of RMB293.2 million in interest-bearing bank borrowings.

Our net current assets increased from RMB2,629.8 million as of December 31, 2023 to RMB2,821.7 million as of December 31, 2024, primarily due to (i) an increase of RMB263.5 million in inventories, (ii) an increase of RMB608.9 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB66.3 million in trade and bills receivables, partially offset by (i) a decrease of RMB489.8 million in cash and cash equivalents, (ii) an increase of RMB51.9 million in trade payables, and (iii) an increase of RMB156.6 million in other payables and accruals.

Summary of the Consolidated Statements of Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	161,796	534,149	434,379
Net cash flows used in investing activities	(541,119)	(1,248,316)	(432,709)
Net cash flows from financing activities	39,315	214,004	384,746
Net increase/(decrease) in cash and cash equivalents	(340,008)	(500,163)	386,416
Cash and cash equivalents at beginning of the year	1,638,363	1,303,007	813,194
Effect of foreign exchange rate changes, net	4,652	10,350	(18,582)
Cash and cash equivalents at end of the year	1,303,007	813,194	1,181,028

Key Financial Indicators

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	As of or for the year ended December 31,		
	2023	2024	2025
Revenue growth rate	(17.9)%	28.0%	16.5%
Net debt-to-equity ratio ⁽¹⁾	(11.4)%	7.8%	8.4%
Current ratio ⁽²⁾	5.3	4.2	3.7
Quick ratio ⁽³⁾	3.8	2.9	2.6

(1) Net debt-to-equity ratio equals total liabilities net of cash and cash equivalents at the end of the year divided by total equity at the end of the year.

(2) Current ratio was calculated based on current assets of the respective year divided by current liabilities.

(3) Quick ratio equals the current assets (excluding inventories) divided by current liabilities as of the date indicated.

SUMMARY

RISK FACTORS

Our operations and the Global Offering involve certain risks and uncertainties, which are set out in the section headed “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:

- Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix.
- Our inability to continuously develop our analog IC design and other technological capabilities could render our products uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments expected to drive our growth.
- Our business operates in a knowledge-intensive industry, and our failure to attract and retain talent could weaken our core competitiveness and adversely affect our business.
- We depend on a limited number of third-party suppliers to manufacture our products.
- We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.
- The industry in which we operate is highly competitive. If we fail to compete against other market players, our business, financial condition and results of operations may be materially and adversely affected.
- Our business and results of operations are subject to general macroeconomic conditions and the inherent cyclicity of the semiconductor industry.
- The markets for our products may not grow as anticipated, and we may be unable to capitalize on growth opportunities.
- We may not be able to implement our growth plan and our business and results of operations may be adversely affected.
- Our failure to obtain, maintain and enforce adequate protection for our intellectual property and proprietary technology could adversely affect our business, financial condition, results of operations, competitive position and prospects.

OUR CONTROLLING SHAREHOLDERS

By virtue of the Concert Party Agreement and the Supplemental Agreement to the Concert Party Agreement, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li, directly or indirectly, controlled an aggregate of 221,512,150 Shares, representing approximately 35.67% of the voting rights in our Company as at the Latest Practicable Date. Immediately after completion of the Global Offering, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li will in aggregate be entitled to exercise approximately 32.82% of the voting rights in the Company (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing). Accordingly, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li will constitute a group of our Controlling Shareholders upon the completion of the Global Offering.

For further details about our Controlling Shareholders, please see “Relationship with our Controlling Shareholders.”

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DIVIDENDS

During the Track Record Period, we declared and paid cash dividends to our Shareholders as follows.

	Year Ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Dividends declared	107,846	47,073	95,062

As of the Latest Practicable Date, we had paid these dividends in full. On April 20, 2026, we declared dividends of RMB124.1 million, which have not been fully paid.

We do not have formal dividend policy or any pre-determined dividend payout ratio. Pursuant to the Articles of Association and in accordance with the PRC laws and regulations, such as the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修正)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profits recorded in the current year after making up for losses and making the required appropriations to statutory reserves and surplus reserves.

Any future determination to pay dividends will be made at the discretion of our Directors and the approval at our Shareholders' meetings and may be based on a number of factors, including our future operations and earnings, capital requirements, general financial condition, and other factors that our Directors may deem relevant.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We recorded listing expenses of nil, nil and RMB20.4 million (including deferred listing expenses) in 2023, 2024 and 2025, respectively, which were not charged to our consolidated statements of profit or loss during the Track Record Period. The estimated total listing expenses (based on the maximum Offer Price and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB87.9 million (equivalent to approximately HK\$101.0 million), accounting for approximately 2.2% of our gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately RMB48.1 million (approximately HK\$55.2 million), and (ii) non-underwriting related expenses of approximately RMB39.9 million (approximately HK\$45.8 million), which consist of fees and expenses of legal advisers and Reporting Accountants of approximately RMB23.4 million (approximately HK\$26.8 million), and other fees and expenses of approximately RMB16.5 million (approximately HK\$19.0 million). Approximately RMB80.6 million (equivalent to approximately HK\$92.6 million) of the estimated listing expenses is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering. Approximately RMB7.3 million (equivalent to approximately HK\$8.4 million) is expected to be charged in profit or loss before or upon completion of the Global Offering. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The listing expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

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OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 54,001,200 H Shares are issued pursuant to the Global Offering, (ii) the Over-allotment Option is not exercised, and (iii) 675,015,824 Shares are issued and outstanding following the completion of the Global Offering:

	Based on the maximum Offer Price of HK\$85.20 per H Share
Market capitalization of our Shares upon the completion of the Global Offering ⁽¹⁾	HK\$81,999.4 million
Unaudited pro forma adjusted net tangible asset per Share ⁽²⁾	HK\$15.04

Notes:

- (1) The calculation of market capitalization of our Shares is based on 621,014,624 A Shares in issue as of the Latest Practicable Date and 54,001,200 H Shares expected to be issued immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The calculation of market value of the A shares is based on the average closing price of the A Shares of RMB108.49 per A Share for the five business days immediately preceding the Latest Practicable Date.
- (2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” in this prospectus. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results of the Group from December 31, 2025 to the Latest Practicable Date and the increase in the Group’s equity arising from the exercise of share options by employees to subscribe 951,610 Shares (the difference between the 675,015,824 shares used in deriving the market capitalization and 674,064,214 shares used in deriving the pro forma net tangible asset per share) after December 31, 2025. Had the exercise of the stock options been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2025 would have been HK\$15.10, respectively, on the basis that 54,001,200 Shares were in issue at indicative Offer Prices of HK\$85.20 per Offer Share, assuming that the exercise of share options and the Offering had been completed on December 31, 2025, without taking into account any shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (3) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since the Company’s listing on the ChiNext of the Shenzhen Stock Exchange in 2017 and up to the Latest Practicable Date, we had not received any notice from the Shenzhen Stock Exchange alleging any non-compliance incidents on the part of the Company or our subsidiaries, and we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange.

Our PRC Legal Adviser is of the view that during the Track Record Period, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC or the Shenzhen Stock Exchange.

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respects.

Our Company seeks to be listed on the Stock Exchange in order to further advance our globalization strategy, allow better access to the international market, enhance our capabilities to attract more overseas investors and optimize our international brand image, which in turn may further enhance our overall competitiveness.

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,499.9 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, assuming the maximum Offer Price of HK\$85.20 per H Share, and assuming the Over-allotment Option is not exercised.

In line with our strategies, we intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 60.0% of the net proceeds, or HK\$2,699.9 million, are expected to be used to enhance our R&D capabilities and expand our product portfolio over the next five years.
- Approximately 26.0% of the net proceeds, or HK\$1,170.0 million, are expected to be used for strategic investment and/or acquisitions aimed at integrating industry resources.
- Approximately 6.0% of the net proceeds, or HK\$270.0 million, are expected to be used for expanding overseas sales network, particularly enhancing sales and marketing capabilities in Europe, Japan, South Korea, and Singapore over the next five years.
- Approximately 8.0% of the net proceeds, or HK\$360.0 million, will be allocated to working capital and general corporate purposes.

See “Future Plans and Use of Proceeds” for more details relating to our future plans and use of proceeds from the Global Offering.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

We continued to expand our business post December 31, 2025, primarily driven by the overall improvement in market demand, which led to broad-based growth in the sales of products across our product categories, as well as a favorable shift in our product mix toward higher-margin products.

In the first quarter of 2026, we launched a number of new high-performance products, including high-precision low-noise op amps, low-power comparators in CSP packages, multi-channel ADCs/DACs, high-precision digital power-monitoring AFEs, high-performance clock buffers, high-speed analog switches, level shifters, interface circuits, various battery management ICs, 65V high-voltage buck converters, low-power high-efficiency 9A boost converters, 15A load switches, 60V eFuses, 60V N-Channel MOSFETs, highly efficient 8-string white LED driver, highly integrated PMICs, high-side and low-side driver ICs, motor driver ICs and others. In particular, for the automotive electronics market, we have continuously launched new signal chain ICs, power management ICs and sensors products that have obtained automotive-grade certification, thereby empowering the development of the intelligent automotive industry. These new products, launched in response to market trends and customer demand, are expected to support the continued growth of our operating performance.

Unaudited Financial Information for the Three Months Ended March 31, 2026

Our revenue increased by 39.1% from RMB789.6 million for the three months ended March 31, 2025 to RMB1,098.1 million for the three months ended March 31, 2026. This growth was

SUMMARY

primarily attributable to an increase in our revenue generated from sales of signal chain ICs and power management ICs, mainly due to the continued introduction of new and high-end products, the expansion of our product applications and our customer base, which drove the growing demand from end customers.

- **Power Management ICs:** Our revenue from sales of power management ICs increased by 41.9% from RMB466.6 million for the three months ended March 31, 2025 to RMB662.1 million for the three months ended March 31, 2026. This increase was primarily attributable to the rapid growth in the market demand for our power management ICs.
- **Signal Chain ICs:** Our revenue from sales of signal chain ICs increased by 33.8% from RMB316.5 million for the three months ended March 31, 2025 to RMB423.7 million for the three months ended March 31, 2026. The increase was primarily due to the rapid growth in the market demand for our signal chain ICs, backed by their premium quality.

Our cost of sales increased from RMB439.8 million for the three months ended March 31, 2025 to RMB600.3 million for the three months ended March 31, 2026, which was generally in line with our business growth. As a result, our gross profit increased by 42.3% from RMB349.8 million to RMB497.8 million, and our overall gross margin was 44.3% for the three months ended March 31, 2025 and 45.3% for the three months ended March 31, 2026, remaining at a relatively stable level.

Our profit for the period increased by 109.3% from RMB58.7 million for the three months ended March 31, 2025 to RMB122.8 million for the same period of 2026, primarily attributable to our revenue growth driven by increased sales volume in 2026. Our net profit margin was increased from 7.4% for the three months ended March 31, 2025 to 11.2% for the same period of 2026, reflecting our steady improvement in profitability.

Our total assets increased from RMB6,954.2 million as of December 31, 2025 to RMB7,187.0 million as of March 31, 2026, in line with our business growth. As our business expanded, our total liabilities increased from RMB1,627.0 million as of December 31, 2025 to RMB1,685.7 million as of March 31, 2026. Our net assets increased from RMB5,327.1 million as of December 31, 2025 to RMB5,501.3 million as of March 31, 2026, primarily attributable to the increase in net profit.

For the three months ended March 31, 2026, net cash generated from operating activities was RMB45.4 million, primarily attributable to our profit before tax of RMB124.4 million, as adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB40.2 million, and (b) share-based payment expenses of RMB41.7 million; and (ii) changes in working capital, which primarily consists of (a) an increase in inventories of RMB143.9 million, and (b) a decrease in other payables and accruals of RMB98.5 million.

Our unaudited condensed consolidated interim financial information for the three months ended March 31, 2026 has been reviewed by our Reporting Accountant in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. See Appendix I-A to this prospectus for more details.

SUMMARY

No Material Adverse Change

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, the end date of our latest consolidated financial statements as set out in “Appendix I—Accountants’ Report” to this prospectus, and up to the date of this prospectus.

DEFINITIONS

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

“A Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are traded in Renminbi and listed on the Shenzhen Stock Exchange
“A Shareholder(s)”	holder(s) of the A Share(s)
“Accountants’ Report”	the accountants’ report of our Company, the text of which is set out in Appendix I to this prospectus
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles of Association” or “Articles”	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of our Board
“Baoli Hongya”	Chongqing Baoli Hongya Enterprise Management Co., Ltd. (重慶寶利弘雅企業管理有限公司), formerly named as Beijing Baoli Hongya Investment Management Co., Ltd. (北京寶利鴻雅投資管理有限責任公司), a limited liability company established under the Laws of the PRC on March 17, 2011, and one of our Controlling Shareholders
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediary(ies)”	the capital market intermediaries as named in “Directors and Parties Involved in the Global Offering”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“China,” “Chinese Mainland” or “PRC”	the People’s Republic of China and for the purpose of this prospectus only, unless the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan, China
“Concert Party Agreement”	the concert party agreement dated June 10, 2015, which was entered into by Dr. Zhang, Ms. Wen Li, Hongshun Xiangtai, Baoli Hongya, Ms. Zhang, Power Trend, Mr. Lin Lin and Harbin Junlin Investment Consulting Company Limited (哈爾濱珞霖投資諮詢有限公司)
“F&S”, “Frost & Sullivan” or “Industry Consultant”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant, an independent market research and consulting company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company,” “our Company” or “the Company”	SG Micro Corp (聖邦微電子(北京)股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on January 26, 2007, the A Shares of which have been listed on the Shenzhen Stock Exchange (stock code: 300661.SZ)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin (林林) and Ms. Wen Li, further details of which are set out in “Relationship with Our Controlling Shareholders”
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules

DEFINITIONS

“CSDC”	China Securities Depository and Clearing Corporation Limited (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)
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	PRC enterprise income tax
“EIT Law”	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
“end customer(s)”	the final recipients, users, or beneficiaries of the company’s products or services, distinguished from intermediaries, distributors, or wholesalers who purchase products for resale
“Exchange Participant”	a person (a) who, in accordance with the Listing Rules of the Stock Exchange, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	“Fast Interface for New Issuance,” an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“General Rules of HKSCC”	General Rules of HKSCC published by the Stock Exchange and as amended 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,” “we” or “us”	our Company and our subsidiary from time to time

DEFINITIONS

“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“H Share(s)”	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“H Share Registrar”	Tricor Investor Services Limited
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is an HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Offer Shares”	the 5,400,200 H Shares (subject to reallocation as described in “Structure of the Global Offering”) initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering
“Hong Kong Public Offering”	the offering of 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 described in “Structure of the Global Offering—The Hong Kong Public Offering”
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong Underwriters”	the underwriters listed in “Underwriting—Hong Kong Underwriters,” being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated June 16, 2026, relating to the Hong Kong Public Offering entered into by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Hong Kong Underwriting Agreement”
“Hongshun Xiangtai”	Chongqing Hongshun Xiangtai Enterprise Management Co., Ltd. (重慶鴻順祥泰企業管理有限公司), formerly named as Beijing Hongda Yongtai Investment Management Co., Ltd. (北京鴻達永泰投資管理有限責任公司), a limited liability company established under the Laws of the PRC on March 17, 2011, and one of our Controlling Shareholders
“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretation issued by the International Accounting Standards Committee
“independent third party(ies)”	entity(ies) or person(s) that is/are not connected person(s) of our Company or its subsidiary

DEFINITIONS

“International Offer Shares”	the 48,601,000 H Shares (subject to reallocation and the exercise of the Over-allotment Option as described in “Structure of the Global Offering”) initially offered by our Company pursuant to the International Offering
“International Offering”	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, on and subject to the terms and conditions of the International Underwriting Agreement, as further described in “Structure of the Global Offering—The International Offering”
“International Underwriters”	the international underwriters that are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering expected to be entered into on or around the Price Determination Date by, among others, our Company, the Overall Coordinators and the International Underwriters, as further described in “Underwriting—Underwriting Arrangements and Expenses—The International Offering—International Underwriting Agreement”
“Joint Bookrunners” “Joint Global Coordinators” “Joint Lead Managers”	the joint bookrunners, the joint global coordinators and the joint lead managers as named in “Directors and Parties Involved in the Global Offering”
“Joint Sponsors”	the joint sponsors as named in “Directors and Parties Involved in the Global Offering”
“Latest Practicable Date”	June 8, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date expected to be on or about Friday, June 26, 2026, on which the H Shares are listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“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
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Dr. Zhang”	Dr. Zhang Shilong (張世龍), chairman of the Board, executive Director and general manager of the Company and one of our Controlling Shareholders
“Ms. Zhang”	Ms. Zhang Qin (張勤), the deputy chairwoman of the Board, executive Director, deputy general manager and the secretary to the Board of the Company and one of our Controlling Shareholders
“NDRC”	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%) at which the Offer Shares are to be subscribed for or purchased pursuant to the Global Offering, to be determined as described in “Structure of the Global Offering—Pricing and Allocation”
“Offer Share(s)”	the Hong Kong Offer Share(s) and/or the International Offer Share(s), as the context may require, together with any additional H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company to allot and issue up to an aggregate of 8,100,100 additional H Shares at the Offer Price, representing approximately 15% of the Offer Shares initially available under the Global Offering, to cover, among other things, over-allocations in the International Offering, if any, the details of which are described in “Structure of the Global Offering—Over-allotment Option”

DEFINITIONS

“Overall Coordinators”	the overall coordinators as named in “Directors and Parties Involved in the Global Offering”
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Power Trend”	Power Trend International Development Limited (弘威國際發展有限公司), a private limited company incorporated under the laws of Hong Kong on February 8, 2011, and one of our Controlling Shareholders
“PRC Company Law”	Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	Generally accepted accounting principles of the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities
“PRC Legal Adviser”	JunHe LLP, our legal adviser as to PRC law
“PRC Securities Law”	the Securities Law of the PRC (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
“Price Determination Agreement”	the agreement to be entered into by our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Wednesday, June 24, 2026, and in any event no later than 12:00 noon on Wednesday, June 24, 2026, on which the Offer Price is to be fixed for the purposes of the Global Offering
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of our Board
“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)

DEFINITIONS

“SAMR”	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)
“Sanctions Legal Adviser”	Jun He Law Offices LLC and JunHe LLP, the legal adviser as to sanctions law to the Company
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	a securities trading and clearing links program developed by the Stock Exchange, Shanghai Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shanghai
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising our A Share(s) and H Share(s)
“Share Incentive(s)”	restricted stock(s) and/or stock option(s) granted under the Share Incentive Plans (as the case may be)
“Share Incentive Plans”	the share incentive plans of our Company currently in effect, namely, the 2021 Share Incentive Plan, the 2022 Share Incentive Plan, the 2023 Share Incentive Plan, the 2025 Share Incentive Plan and the 2025 Second Tranche Share Incentive Plan
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing links program to be developed by the Stock Exchange, Shenzhen Stock Exchange, HKSCC and CSDC for mutual market access between Hong Kong and Shenzhen
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	State Council of the PRC (中華人民共和國國務院)
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Supplemental Agreement to the Concert Party Agreement”	the supplemental agreement to the Concert Party Agreement dated January 21, 2021, which was entered into by Dr. Zhang, Ms. Wen Li, Hongshun Xiangtai, Baoli Hongya, Ms. Zhang, Power Trend, Mr. Lin Lin and Shanghai Shanyu Corporate Management Consulting Company Limited (上海山域企業管理諮詢有限公司) (formerly known as Harbin Junlin Investment Consulting Co., Ltd. (哈爾濱珞霖投資諮詢有限公司))
“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
“Track Record Period”	the three years ended December 31, 2025
“Trial Measures for Overseas Listing”	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》), as amended, supplemented or otherwise modified from time to time
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. dollar” or “US\$”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“VAT”	value-added tax
“2021 Share Incentive Plan”	the 2021 Restricted Stock Incentive Plan (“2021 年限制性股票激勵計劃”), the principal terms of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus
“2022 Share Incentive Plan”	the 2022 Stock Option Incentive Plan (“2022 年股票期權激勵計劃”), the principal terms of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus

DEFINITIONS

“2023 Share Incentive Plan”	the 2023 Stock Option Incentive Plan (“2023 年股票期權激勵計劃”), the principal terms of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus
“2025 Second Tranche Share Incentive Plan”	the 2025 Second Tranche Stock Option Incentive Plan (“2025 年第二期股票期權激勵計劃”), the principal terms of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus
“2025 Share Incentive Plan”	the 2025 Stock Option Incentive Plan (“2025 年股票期權激勵計劃”), the principal terms of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus
“%”	per cent

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

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

GLOSSARY OF TECHNICAL TERMS

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

“AC”	alternating current, an electrical current that periodically reverses direction
“ADC” or “analog-to-digital converter”	a converter that changes analog signals into digital data
“ADAS”	advanced driver-assistance systems, electronic systems in a vehicle that use sensors and software to assist a driver with driving and parking functions
“AEC-Q100”	a failure mechanism-based reliability test qualification for packaged ICs established by the Automotive Electronics Council for use in automotive applications
“AI”	artificial intelligence
“AMR”	anisotropic magnetoresistance, a magnetic field detection technology based on resistance changes due to electron alignment
“AMOLED”	active-matrix organic light-emitting diode, a display technology using an organic compound layer that emits light when an electric current is applied
“amplifier” or “AMP”	an electronic device or circuit that increases the power, voltage, or current of a signal
“analog IC”	IC that transmits, transforms, processes, amplifies, measures and displays analog signals, including analog signal ICs and mixed-signal ICs
“AR/VR”	augmented reality/virtual reality; AR overlays computer-generated images on a user’s view of the real world, while VR replaces the user’s real-world environment with a simulated one
“ASIC”	application-specific IC, a type of IC that is customized to the needs of a specific application
“AspenCore”	a global media group serving the electronics industry and technology community with news, analysis, and data, whose publications include EE Times and EDN

GLOSSARY OF TECHNICAL TERMS

“BCD”	a monolithic integration process technology that allows for the integration of Bipolar, CMOS, and DMOS, enabling robust and power-efficient ICs
“BCM”	body control module, an electronic control unit in a vehicle responsible for controlling various body electronics functions, such as lighting, power windows, and door locks
“BMS”	battery management system, an electronic system embedded within NEVs that monitors, controls and optimizes the performance, safety and longevity of the vehicle’s battery pack
“CAGR”	growth rate, referring to the year-over-compound annual year growth rate, which is calculated by taking the nth root of the total percentage growth rate over a specified period of time. The formula for calculating CAGR is: $(\text{Ending Value}/\text{Beginning Value})^{(1/\text{number of years})}-1$
“CMOS”	complementary metal-oxide-semiconductor, a technology for manufacturing ICs known for low static power consumption
“CPU”	central processing unit, the central unit in a computer containing the logic circuitry that performs the instructions of a computer program
“DAC” or “digital-to-analog converter”	a converter translating digital signals into analog form
“DC/DC”	converts direct current from one voltage level to another
“Delta-Sigma ADC”	a type of ADC architecture that uses oversampling and noise-shaping to achieve high resolution, suited for precise measurement of low-frequency signals
“DrMOS”	driver-MOSFET, a type of highly integrated power device combining a gate driver and power MOSFETs in a single package
“E/E Architecture”	electrical/electronic architecture, the overall layout of a vehicle’s electrical and electronic systems, including ECUs, sensors, and wiring
“ECU”	electronic control unit, a generic term for any embedded system in automotive electronics that controls one or more electrical systems in a vehicle
“EDA”	electronic design automation tools, a category of software tools used for designing electronic systems such as integrated circuits and printed circuit boards

GLOSSARY OF TECHNICAL TERMS

“EEPROM”	electrically erasable programmable read-only memory, a type of non-volatile memory that can be electrically erased and reprogrammed in-circuit, commonly used for storing small amounts of data that must be retained without power
“eFuse”	electronic fuse, a circuit protection device designed to protect electronic circuits from overcurrent conditions, which is resettable
“ESD/TVS”	electrostatic discharge/transient voltage suppressor, devices designed to protect electronic circuits from damage caused by sudden and momentary electric currents or voltage spikes
“ESS”	energy storage system, a system that captures energy for later use, often referring to battery-based systems that store electrical energy
“EV”	electric vehicle, a vehicle powered by one or more electric motors, using energy stored in rechargeable batteries
“fabless”	a business model where a company designs and sells semiconductor chips while outsourcing the fabrication to a specialized foundry
“field effect transistor”	a semiconductor component that controls the current in the output circuit by leveraging the electric field effect in the input circuit
“foundry”	a manufacturer specializing in the manufacture of ICs for other companies
“frequency”	the rate at which a power electronic device, such as a switch or rectifier, operates. It is a crucial factor influencing the performance and efficiency of power systems
“GaN”	gallium nitride, a binary III/V direct bandgap semiconductor well-suited for high-power transistors capable of operating at high temperatures
“high-performance computing”	the practice of aggregating computing power to deliver much higher performance than a typical desktop computer
“Hz”	hertz, a measurement of frequency
“IC” or “integrated circuit”	a small electronic device made of semiconductor materials like silicon that contains multiple interconnected electronic components such as transistors, resistors, and capacitors on a single chip

GLOSSARY OF TECHNICAL TERMS

“IoT”	internet of things, the network of physical objects embedded with sensors and software to connect and exchange data over the internet
“Iq”	quiescent current, the current consumed by an electronic circuit in a quiet state with no load. A low Iq is critical for extending battery life in battery-powered devices
“ISO 26262”	an international standard for functional safety of electrical and/or electronic systems in production automobiles
“LCD”	liquid crystal display, a flat-panel display technology that uses the light-modulating properties of liquid crystals, typically in conjunction with a backlight, to produce images
“LDO”	low dropout regulator, a type of linear voltage regulator that can operate with a very small input-to-output voltage differential
“LED”	light-emitting diode, a semiconductor diode that emits light when voltage is applied
“LiDAR”	light detection and ranging, a remote sensing method that uses a pulsed laser to measure ranges to objects
“MOSFET”	metal-oxide-semiconductor field-effect transistor, a type of transistor used for amplifying or switching electronic signals
“MSCI”	Morgan Stanley Capital International, a global provider of investment decision support tools, including stock market indices, portfolio analytics, and ESG research and ratings for companies
“MSPS”	mega samples per second, a unit of sampling rate for ADCs
“NEV”	new energy vehicle, a term referring to vehicles that are fully or partially powered by electricity
“on-board charger”	a device in an EV that converts AC power from an external source to DC power to charge the vehicle’s battery
“OEM”	original equipment manufacturer, a company that produces parts and equipment that may be marketed by another manufacturer
“operational amplifier” or “op amp”	a DC-coupled electronic voltage amplifier with a differential input and typically a single-ended output. It amplifies the voltage difference between its two inputs

GLOSSARY OF TECHNICAL TERMS

“OSAT”	outsourced semiconductor assembly and test
“OSAT provider” or “packaging and testing provider”	outsourced semiconductor assembly and test provider, a provider that provides third-party IC packaging and testing services, abbreviated as packaging and testing provider
“PD/QC”	power delivery and quick charge, which are widely adopted fast-charging protocols that allow for higher power to be delivered to devices, reducing charging times
“Pipeline ADC”	a high-speed ADC with a multi-stage structure that achieves high-speed data conversion through staged processing
“PLC”	programmable logic controller, an industrial computer used to automate electromechanical processes by monitoring inputs from sensors and controlling outputs such as motors and actuators based on a user program
“power management unit”	an IC that consolidates and manages the power supply for various components within an electronic system
“point-of-load Converter”	a DC/DC converter placed very close to the circuit it is powering to reduce power loss and improve voltage regulation
“PSRR”	power supply rejection ratio, a measure of a circuit’s ability to reject noise from its power supply voltage
“R&D”	research and development
“RF”	radio frequency, a range of electromagnetic wave frequencies used for wireless communication
“SAR ADC”	successive-approximation-register ADC, a type of ADC that converts an analog waveform to a digital representation via a binary search, offering a balance of speed, resolution, and power consumption
“semiconductor”	a material, such as silicon, which has an electrical conductivity between that of a conductor and an insulator
“sensor”	a component or device that measures or detects the state of the real world, such as motion, heat or light, and converts the conditions into analog or digital signals
“SiC”	silicon carbide, a wide-bandgap semiconductor composed of silicon and carbon, ideal for high-power applications

GLOSSARY OF TECHNICAL TERMS

“signal chain”	the path an analog signal takes through a system from acquisition to processing, typically including components for signal conditioning and data conversion
“SIMO”	single-inductor, multiple-output, a DC/DC converter architecture that uses a single inductor to generate multiple regulated output voltages
“SNR”	signal-to-noise ratio, a measure that compares the level of a desired signal to the level of background noise
“SSD”	solid-state drive, a data storage device that uses integrated circuit assemblies to store data persistently
“tape-out”	the final stage of the IC design process, where the finalized design data is sent to a semiconductor foundry for wafer manufacturing
“TEC”	thermoelectric cooler, a solid-state heat pump that transfers heat from one side of the device to the other when direct current is applied, used for precise cooling of electronic components
“TDFN”	thin dual flat no leads, a type of small, leadless surface-mount package for integrated circuits, characterized by its low profile and contact pads on the underside of the package
“total harmonic distortion”	a measurement of the harmonic distortion present in a signal
“Tier-1”	automotive system integrator(s), company(ies) that supply(ies) assembled components or systems directly to OEMs. Tier-1 suppliers need to work closely with OEMs during the design and development stages of vehicles, ensuring the integration of their components into the final product
“V”	basic unit of voltage
“voltage”	electrical potential difference between two points in a circuit

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and information that relate to our current expectations and views of future events. These forward-looking statements are contained principally in “Summary,” “Risk Factors,” “Industry Overview,” “Business,” “Financial Information” and “Future Plans and Use of Proceeds.” These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed in “Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “might,” “ought to,” “project,” “seek,” “will,” “would,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “could,” “should,” “consider,” “plan,” “believe,” “predict,” “project,” “potential,” “continue,” “outlook,” “schedule,” “going forward,” “is/are likely to” or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our operations and business prospects;
- our financial condition and performance;
- our capital expenditure plan;
- our ability to maintain good relationships with our business partners;
- future developments, trends and conditions (including economic, political and business conditions) in the industries and markets in which we operate or plan to operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- the actions and developments of our competitors;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our ability to control or reduce costs;
- our ability to control our risks;
- our financial condition and performance, debt levels and capital needs;
- our dividend policy;
- various business opportunities that we may pursue;
- our business strategies, objectives and plans and our ability to achieve these strategies;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set out in “Risk Factors.”

FORWARD-LOOKING STATEMENTS

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

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

RISK FACTORS

An investment in our H Shares involves various risks. You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the “Financial Information” section, before deciding to invest in our H Shares. Our operations involve certain risks and uncertainties, some of which are beyond our control and may cause you to lose all or part of your investments in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such event, the market price of our Shares could decline, and you may lose all or part of your investment. These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this prospectus.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix.

Our business growth significantly depends on our ability to continue to innovate and improve our existing products and expand our product mix. To remain competitive, we must maintain and enhance our core technologies to meet end market needs, technological advancements and industry standards. Product design, development, innovation and iteration are often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. There can be no assurance that we will be able to accurately grasp market trends and customer needs and develop and introduce new and improved products in a timely or efficient manner or that new and improved products will achieve market acceptance.

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

Industry competitors continuously upgrade their product portfolios, which may render our products less attractive or even obsolete. There can be no assurance that our core technologies and products will maintain their competitiveness in the future compared to products developed by our competitors. Our growth is also dependent on our ability, and that of our distributors, to identify and penetrate new markets where we and our distributors have limited experience, but where significant investments and technological advancements are required to compete effectively. There can be no assurance that the markets we serve and/or target based on our business strategy will grow in the future, and that our existing and new products will meet the requirements of these markets.

Our inability to continuously develop our analog IC design and other technological capabilities could render our products uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments expected to drive our growth.

We are committed to continuous R&D for both new and existing products and technologies, enabling us to timely respond to technological developments in the markets we operate in. The

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development of advanced analog ICs is an inherently complex and lengthy process that involves significant engineering effort and long development cycles. We believe it is essential to continue to invest a significant amount of time and resources in our design and R&D efforts, including retaining a sufficient and number of experienced R&D talent, to maintain and improve our competitive position. If the anticipated benefits of these investments are not realized, or are delayed, our revenue and operating results may be adversely affected.

Furthermore, if we are unable to respond quickly and effectively to technological developments, we may lose our competitive position, and our products or technologies may become obsolete. If we fail to develop new products or refine our technologies to match evolving or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operations may be adversely affected.

Our business operates in a knowledge-intensive industry, and our failure to attract and retain talent could weaken our core competitiveness and adversely affect our business.

As our business operates in a knowledge-intensive industry, our talent is a cornerstone of our core competitiveness. Our ability to maintain continuous innovation, operational efficiency and market advantage depends on the collective expertise of our integrated teams across R&D, operations and sales. The market for qualified personnel is highly competitive.

If we fail to establish and maintain effective incentive systems, clear career development paths, or a positive corporate culture, we may be unable to attract or retain the talent necessary for our operations. The loss of key personnel or difficulty in recruiting new talent could weaken our competitive position and disrupt our operations. Furthermore, a significant increase in employee turnover could result in increased recruitment and training costs, and may harm the productivity of our remaining employees. Finding suitable replacements and integrating them into our operations and corporate culture requires significant time and resources, and there is no guarantee that we can do so effectively or in a timely manner.

We cannot assure you that we will be able to retain existing employees or attract sufficient qualified personnel to meet our business needs. Failure to do so could adversely affect our business, financial condition and results of operations.

We depend on a limited number of third-party suppliers to manufacture our products.

During the Track Record Period, we relied on a limited number of third-party suppliers, including foundries and OSAT providers, to manufacture our products. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 92.4%, 92.3% and 91.0% of our total purchase amount for the years ended December 31, 2023, 2024 and 2025, respectively. See “Business—Supply Chain Management—Our Major Suppliers” for more details.

Our reliance on these major suppliers subjects us to concentration and counterparty risks. We cannot assure you that we will maintain our relationships with our major suppliers in the future. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the financial condition and results of operations of our major suppliers may result in a material adverse impact on their business with us.

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If a disaster or other business disruption were to occur at any of our foundries' or OSAT providers' facilities, procuring and transitioning to new suppliers would take a significant period of time to complete and would likely adversely affect our inventory, business, financial condition and results of operations. Moreover, any shortage of raw materials used by our foundries and OSAT providers may result in a shortage in the supply of our products. Therefore, we are vulnerable to the risk that our current foundries and OSAT providers may be unable to meet our demand.

Moreover, increased regulation or stakeholder expectations regarding responsible sourcing practices could raise our compliance costs. Any failure by our foundries and OSAT providers to comply with such regulations or meet these expectations could generate negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our suppliers, we could be subject to financial or reputational risks arising from their conduct. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be compromised, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

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

We invest in R&D activities to develop and introduce new and enhanced products. For the years ended December 31, 2023, 2024 and 2025, our R&D expenses amounted to RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively, accounting for 28.2%, 26.0%, and 26.8% of our total revenue for the respective years. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

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

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

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

The analog IC industry in which we operate is highly competitive. We primarily compete with other companies that focus on developing and commercializing analog ICs. If we compete with players that have a longer operating history than we do, 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 as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

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

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

Our business and results of operations are subject to general macroeconomic conditions and the inherent cyclicity of the semiconductor industry.

Our business and results of operations are susceptible to fluctuations in general macroeconomic conditions. Our customers' demand for our products is dependent on overall economic activity and consumer and business sentiment. Unfavorable economic conditions could reduce overall consumer purchasing power and business investment. A sustained economic downturn could therefore lead to a reduction in demand for our products, which would materially and adversely affect our revenue and profitability. In addition, adverse changes in trade policy may also affect our performance.

Furthermore, the analog IC industry, in which we operate, is characterized by significant cyclical fluctuations. These cycles are driven by a variety of factors, including shifts in end-market demand, the timing of major technological advancements, fluctuations in capital expenditure by industry participants, and inventory adjustments throughout the supply chain.

A downturn in the broader economy could coincide with or exacerbate a cyclical trough in the semiconductor industry, creating a compounded negative effect on our sales volumes and margins. We cannot assure you that we can effectively manage these risks. Any prolonged or significant downturn in the general economy or our industry could have a material and adverse effect on our business, financial condition and results of operations.

The markets for our products may not grow as anticipated, and we may be unable to capitalize on growth opportunities.

Our business, financial condition, results of operations and prospects depend in part on our ability to make timely investments in the correct market opportunities. We are pursuing opportunities

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primarily in the analog IC market where it is difficult to predict the timing and size of the opportunities for each of our products, particularly in end markets such as industrial & energy, automotive, networking & computing and consumer electronics.

Even if the end markets grow substantially, we cannot assure you that we will be able to pursue these opportunities. The markets in which we operate are constantly evolving. If one or more of these markets undergo a shift in customer demand, or if we fail to meet evolving technological developments and industry standards, our products may not be able to compete effectively or be integrated into our end customers' commercialized products.

Any deterioration in, or a slowdown in the growth of, such end markets could result in a substantial decrease in the demand for our products. If we fail to accurately predict market trends and effectively capitalize on growth opportunities, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to implement our growth plan and our business and results of operations may be adversely affected.

The success of our business expansion depends on our ability to efficiently execute our growth plan. We plan to continue our independent innovation and R&D, extend the end markets and applications of our products, expand into overseas markets and cultivate our talent team. Diversifying our product portfolio requires significant R&D efforts and expenses, and we may not be able to successfully upgrade our existing or develop new products.

To effectively manage our growth, we need to:

- monitor and control our expenses and investments in anticipation of expanded operations;
- improve our supply chain to support our growth;
- enhance our administrative infrastructure and systems;
- refine our talent management structure and recruit additional key personnel;
- improve our operational, financial and management internal controls and reporting systems;
- comply with different or additional laws and regulations; and
- timely address unforeseen challenges as they arise.

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

We may not be able to develop business relationships with potential customers in our industry. If we or our distributors fail to identify and leverage new business opportunities, we may not be able to establish and expand our presence in additional end markets on our own or through our distributors.

In addition, developing overseas markets requires significant investment, which may adversely impact our current performance. We may not be able to identify profitable overseas markets. Even if

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we identify profitable overseas markets, we may not be able to enter into or compete effectively due to factors including, but not limited to:

- our or our distributors' limited business experience in the overseas markets;
- competition from local competitors with greater resources and more favorable market positions;
- different demand dynamics for our products;
- the diversity of end-customer preferences and demand, and our ability to anticipate or respond to them;
- compliance with applicable laws and regulations; and
- potentially adverse tax consequences.

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

Our failure to obtain, maintain and enforce adequate protection for our intellectual property and proprietary technology could adversely affect our business, financial condition, results of operations, competitive position and prospects.

Our success depends in a large part on our ability to protect our proprietary technology as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We have been protecting the proprietary technologies that we consider commercially important by, among others, filing patent applications in China and other jurisdictions. As of December 31, 2025, we had 588 granted patents in China and overseas, including 497 invention patents, as well as several other intellectual properties including but not limited to IC layout design registrations in China and overseas. See “Business—Intellectual Property Rights” for more details. The intellectual property application process may be expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable intellectual property applications at a reasonable cost or in a timely manner, if at all. In addition, we may, however, fail to identify patentable aspects of our R&D outputs before it is too late to obtain patent protection. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields.

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

In addition to patents, we rely on proprietary information (such as trade secrets, know-how and confidential information) to protect intellectual property that we believe is best protected by means that do not require public disclosure. We seek to protect this information by entering into confidentiality agreements with our employees, consultants, and other third parties. However, these agreements may be breached or otherwise fail to prevent disclosure or misappropriation of our proprietary information, and may not provide an adequate remedy in the event of unauthorized use. Moreover, our proprietary information may otherwise become known or be independently developed by our competitors.

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Defending our intellectual property and proprietary technology can be challenging. We may face claims of infringement or misappropriation of other parties' proprietary rights. Whether or not these claims are successfully asserted, we would likely incur significant costs and diversion of our resources with respect to the defense of these claims.

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

We may be involved in intellectual property litigation and disputes, which could be costly and time-consuming, and an adverse outcome could materially and adversely affect our business, financial condition and results of operations.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter such infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights. This can be expensive and time-consuming. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. An adverse result in any such litigation proceeding could put our patents at risk of being invalidated, held unenforceable or interpreted narrowly.

Separately, as the industry in which we operate is patent-intensive, third parties may claim that we infringe upon their intellectual property rights and initiate legal proceedings against us. Our efforts to identify and avoid infringement on third parties' intellectual property rights may not always be successful, as we may hire employees who previously worked for competitors, or competitors may have filed for patent protection which is not as yet a matter of public knowledge. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive, time-consuming and divert our management's attention.

If we are found to infringe on the rights of others, we may be required to suspend our sales efforts for the relevant products, redesign such products, pay substantial damages, or enter into royalty or licensing agreements which may not be available on terms favorable to us. Conversely, if a defendant in a proceeding initiated by us were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and potentially all, of the patent protection on our products or product candidates. Any such outcome could materially and adversely affect our business.

We are subject to risks associated with potential acquisitions and investments, and any investments or future acquisitions may have a material adverse effect on our business, reputation, financial condition and results of operations.

We expect to continue to evaluate and consider a wide array of investment and acquisition opportunities that we believe can extend and solidify our leading market position as part of our overall business strategy. In particular, as we intend to use a portion of the net proceeds from the Global Offering for such strategic investments and/or acquisitions to achieve our long-term growth strategies, we are exposed to the inherent risks associated with these transactions, especially significant valuation risks. See "Future Plans and Use of Proceeds" for details. While the cost of identifying and consummating such acquisitions may be significant, the ultimate value and valuation of these transactions are subject to high degrees of uncertainty, particularly within the semiconductor industry which is characterized by rapid technological advancements and volatile market sentiment.

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We may also have to obtain shareholders' approval as well as approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts.

Future acquisitions and the subsequent integration of new assets and businesses into our own may entail a number of risks, including:

- difficulties in accurately assessing the fair value of potential targets, particularly those with significant intangible assets that derive value from novel tools or operate in niche markets, which may result in overpayment or impairment of goodwill;
- inability to realize the anticipated synergies, cost savings or efficiencies, which may lead to lower-than-anticipated returns;
- difficulties in integrating the acquired personnel, operations, and solutions into our operations;
- disruptions of our ongoing business, distractions of the attention of our management and employees and increases in our expenses;
- potential issues with technology, internal controls and financial reporting of the companies we acquire or invest in;
- actual or alleged misconduct or noncompliance by any company we acquire or invest in (or by its affiliates) that occurred prior to our acquisition or investment, which may lead to negative publicity, government inquiry or investigations against such company or against us;
- unforeseen or hidden liabilities or costs that may adversely affect us following our acquisition of such targets; and
- compliance matters including the anti-monopoly and competition laws, rules and regulations of the PRC and other countries in connection with any proposed investments and acquisitions.

If we overestimate the value of a target company, rely on flawed valuation methodologies, or fail to identify key financial and operational risks during our due diligence process, we may overpay for such investments or acquisitions. If we fail to effectively manage these valuation uncertainties and other risks related to our future acquisitions and investments, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

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

As we expand our business, we need to be able to continue to provide efficient customer support. We may not be able to recruit enough customer support specialists with sufficient experience in customer support service or enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' requests for technical support or maintenance assistance in a timely manner. Under such circumstances, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expenses may increase and adversely impact our financial condition and results of operations. Our

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ability to attract new customers is highly dependent on our business reputation and on positive recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed.

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

The semiconductor industry has experienced a very large expansion of fabrication capacity and production worldwide over time. As a result of the increasing demand from semiconductors and other manufacturers, certain basic materials and supplies used in production and manufacturing have from time to time, over the past several years, been in short supply or experienced price fluctuations, and could be in short supply or experience price fluctuations again if overall industry demand continues to increase in the future. Therefore, we may in the future experience increases in the cost of our products.

We price our products based on a variety of factors, including but not limited to, costs, gross margin and market conditions. Given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, a significant increase in the cost of our products may have an adverse impact on our gross margin, business, financial condition and results of operations. In addition, as our prices vary across our products, our products have different margin profiles depending on the amount, number, and type of components that we deliver. If we fail to maintain our product mix or maintain our gross margin and operating margin, our business, financial condition and results of operations would be adversely affected.

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

During the Track Record Period, a substantial portion of our revenue was derived from sales to our distributors. For the years ended December 31, 2023, 2024 and 2025, our total sales to distributors amounted to RMB2,388.8 million, RMB2,999.0 million and RMB3,609.9 million, respectively, accounting for 91.3%, 89.6% and 92.6% of our revenue for the corresponding years, respectively. See “Business—Our Sales Network—Our Distribution Channels” for more details.

Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depend on our ability to (i) enter into renewal agreements with existing distributors on terms favorable to us and (ii) develop new relationships with additional distributors. We may not be able to enter into new or renewal agreements with our distributors as we cannot guarantee that we are able to offer more favorable commercial terms as compared to our competitors. The loss of our distributors could adversely affect our sales volume. There is no assurance that our current or future contracts with our distributors can be renewed or negotiated on terms and prices equivalent to or better than current terms and prices.

The effectiveness of our distributors in selling and distributing our products may also be affected by a number of factors, many of which are out of our control, including:

- our distributors’ strategies in promoting our products;
- our distributors’ own business and financial performance;

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- our distributors' abilities to expand end customer base and penetrate new markets;
- our distributors' strategies to extend geographical coverage of our products; and
- our ability to maintain and expand our distribution network.

In the event our distributors fail to effectively sell and distribute our products, or prioritize promotion of competing product lines over our products, it could result in a significant decrease in our sales volume, which may materially and adversely affect our business, financial condition and results of operations.

We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories or lose sales.

Our inventories consist primarily of raw materials, finished goods and work in progress. We have taken measures to optimize our inventory level and conduct regular inventory checks to reduce the risk of inventory obsolescence. See "Business—Logistics and Inventory Management—Inventory Management" for more details.

Our inventories were RMB901.4 million, RMB1,164.8 million and RMB1,448.2 million as of December 31, 2023, 2024 and 2025, respectively. As of December 31, 2023, 2024 and 2025, our provision for inventories was RMB219.0 million, RMB266.6 million and RMB310.4 million, respectively. In 2023, 2024 and 2025, our inventory turnover days were 203 days, 214 days and 228 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories. We cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, outsourced processing materials and finished products. We manage our inventory levels taking into consideration, among others, internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business prospects, financial condition and results of operations may be materially and adversely affected.

We may not be able to fully maintain quality control over our products. Any undetected defects contained in our products could result in accidents, reduce market adoption, damage our brand image, subject us to product recalls or expose us to product liability and other claims that could materially and adversely affect our business.

The quality of our products depends on the effectiveness of our quality control and quality assurance protocol, which in turn depends on factors such as the quality and reliability of equipment used, the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. Despite our efforts to implement stringent quality assurance protocols throughout our supply chain, we cannot assure you that our products will be free from defects. Any failure to execute our quality control and quality assurance protocol could render our products unsuitable for use or adversely impact our market reputation and relationship with business partners. Product defects may even lead to recalls.

Furthermore, product defects, whether actual or perceived, could harm our brand image and undermine customer trust, especially as we scale our presence across different markets and industries.

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Even isolated incidents may receive heightened scrutiny or negative publicity, particularly in sectors where reliability and stability are paramount. If we are unable to detect and address such issues promptly, or if our remedies fail to meet customer expectations, we may suffer a loss of reputation, reduced customer retention and diminished competitive positioning, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

Our products are primarily used by end customers across sectors and applications. Factors that adversely affect these industries and sectors or our end customer base therein may adversely impact our business, financial condition and results of operations.

Our products are primarily offered to end customers across end markets and sectors, including industrial & energy, automotive, networking & computing and consumer electronics. Therefore, factors that adversely affect these industries and sectors or our end customer base therein could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of these industries;
- rising material and labor costs relating to the design and production of analog ICs in these industries;
- the reduction or elimination of preferential tax treatments and economic incentives for manufacturers in these industries;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries from China;
- a downturn in general economic conditions or major countries and regions that import products of these industries;
- increasing level of competition from analog IC providers in these industries in other countries and regions; and
- any financial difficulties, market share loss, or reputational harm to end customers that use our products.

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

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

In any such event, we may, as a result, incur liability to our end customers for claims of misconduct committed by such distributor. Any such claim could subject us to litigation and impose a

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significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in complaints from our end customers and subsequent adverse impact on our business and reputation.

We may have limited control over the quality and availability of our suppliers.

We primarily partner with third-party foundries and OSAT providers for the production of our core products. The stability of operations and business strategies of these third-party providers are beyond our control. The lack of necessary materials, equipment, or services can disrupt the supply of our products. Additionally, we cannot assure you that we will be able to maintain good relationships or renew our agreements with these third-party providers on commercially reasonable terms, if at all.

If we fail to continue our cooperation with these companies, or if their business or operations are interrupted or fail due to factors beyond our control, including natural disasters such as earthquakes, drought and typhoons, and geopolitical challenges in locations where they operate, and we fail to find comparable alternatives on reasonable terms, our business and results of operations may be materially and adversely affected. Given that we do not directly control the procurement or employment practices of our foundries and OSAT providers, we could be subject to financial or reputational risks as a result of their conduct violating applicable laws and regulations. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

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

We are exposed to credit risks related to defaults of our customers and the recoverability of our trade receivables. If we fail to collect trade receivables from our customers in a timely manner, our business, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of our products. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB166.5 million, RMB232.8 million and RMB362.8 million, respectively. See “Financial Information—Discussion of Certain Key Items on Consolidated Statements of Financial Position—Assets” for more details.

We may not be able to collect any, if not all, such trade receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers’ inability to pay caused by their end customers’ delay in payment.

We are subject to risks related to the prolonged cash conversion cycle.

During the Track Record Period, we experienced fluctuations in turnover days of inventories, which were 203 days, 214 days and 228 days in 2023, 2024 and 2025, respectively. In addition, our

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trade and bills receivables turnover days were 20 days, 22 days and 29 days in 2023, 2024 and 2025, respectively. However, our trade payables turnover days were 70 days, 60 days and 62 days in 2023, 2024 and 2025, respectively. The mismatch between our cash inflows and outflows may impact our liquidity and financial stability, resulting in the need to seek additional financing or use of working capital to cover operational expenses, potentially leading to increased financial costs or strain on our resources.

The extension of the cash conversion cycle was primarily driven by an increase in our inventory turnover days. The underlying reason for the longer inventory turnover days is mainly that we increased our inventory in order to better ensure stable supply for our customers. If our inventory turnover days and our trade receivables turnover days continue to increase or remain relatively high, it may increase the risks of inventory impairment and lead to a longer cash conversion cycle, which could further add pressure to our cash flow and working capital. Our financial position, business and results of operations might be adversely and materially impacted.

If we are unable to ensure the mass production or delivery of high-quality products on schedule, our business may be materially and adversely affected.

Mass production of our products is crucial to our future financial prospects. As an analog IC company, we operate under the fabless model, focusing on the R&D and design of ICs while outsourcing wafer fabrication to trusted third-party partners. We may face difficulties meeting our delivery deadlines when there is a surge in customer demand. If any of our third-party partners' production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our third-party partners' production efficiency and product quality. We may also experience delays in shipments caused by our third-party logistics service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, financial condition and results of operations.

Further, if our third-party partners' suppliers experience any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to supply in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

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

Products within the industry, such as the ones we develop, are complex and may contain defects. Despite the verification and testing procedures in place, our products may contain serious errors, defects, security vulnerabilities or software issues which we are unable to successfully correct in a timely manner or at all. Some errors or defects in our products may only be discovered after they have been tested, commercialized and deployed by our end customers. Under these circumstances, we may incur additional remedial costs to recall or replace, and additional development costs to redesign, our products.

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Furthermore, because we may be subject to warranty and indemnification provisions based on certain of our agreements with our customers, we may be subject to claims or threats of claims by our customers for their financial loss related to defects in our products. Any such claims would be time-consuming and costly for us to defend and divert our management's attention, thereby adversely affecting our business, financial condition and results of operations. Additionally, our customers may terminate the business relationship with us altogether and as a result, our business and prospects may be adversely affected. These claims and terminations by our customers may generate negative publicity about us and adversely impact our reputation, business and results of operations.

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

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB14.9 million, RMB18.3 million and RMB18.4 million as of December 31, 2023, 2024 and 2025. See "Financial Information—Discussion of Certain Key Items on Consolidated Statements of Financial Position—Liabilities" for more details. 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.

Our transfer pricing arrangements may be subject to scrutiny by the relevant tax authorities in the countries and regions where we operate.

Under the laws and regulations in the Chinese Mainland and Hong Kong, arrangements and transactions among related parties may be subject to audit or challenge by the relevant tax authorities. During the Track Record Period, we carried out our operations mainly in the Chinese Mainland and Hong Kong. We could face material and adverse tax consequences if the relevant tax authorities determine that certain intra-group transactions of ours do not represent arm's-length negotiations and consequently adjust any of those entities' income in the form of a transfer-pricing adjustment. A transfer pricing adjustment could, among other things, increase our tax liabilities. If we fail to rectify such incident within the limited time frame required by the relevant tax authorities, the relevant tax authorities may impose late payment tax or surcharge and other penalties on us for any unpaid taxes. In addition, a transfer-pricing arrangement may give rise to tax recoverable in certain jurisdictions as a result of tax adjustments. There is no assurance that we could successfully recover the tax recoverable from the relevant tax authorities. Our business, financial condition and results of operations may therefore be materially and adversely affected.

We may be subject to the risks associated with international trade policies, export controls, economic or trade sanctions, investment restrictions, geopolitics and trade protection measures such as unreasonable tariff arrangements, 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 government authorities and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased customs

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

In recent years, the U.S. has increased export control restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (“**BIS**”). The export, re-export and/or transfer (in-country) of items subject to the EAR to restricted end users or end uses is generally prohibited unless the specified license requirements are met. For example, BIS has recently strengthened export controls on China, including designating certain Chinese entities or individuals onto its Entity List and other restricted lists that limit their access to certain goods, software, or technologies subject to the EAR. Our Sanctions Legal Adviser is of the view that, during the Track Record Period, our Company (i) did not purchase any items that are subject to EAR license requirements, (ii) did not experience any procurement restrictions as a result of U.S. export control restrictions, and (iii) did not sell any item that is subject to the U.S. export control. Nevertheless, these restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may affect our ability to acquire goods, software, or technologies that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

In addition, on August 9, 2023, the Biden Administration issued Executive Order 14105 on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting the U.S. government the authority to establish a program to prohibit or require notification of certain types of outbound investments by U.S. persons into certain entities located in or subject to the jurisdiction of a country of concern, and certain other entities owned by persons of a country of concern, involved in specific categories of advanced technologies and products. On October 28, 2024, the Department of 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**”), which became effective on January 2, 2025. The Outbound Investment Rule targets investments by U.S. persons involving persons associated with “countries of concern,” currently including China (including Hong Kong and Macau), that engage in activities in certain sectors such as semiconductors and microelectronics, quantum information technologies or artificial intelligence (the “covered activities”). Persons of countries of concern that engage in covered activities are defined as “covered foreign persons.” The Outbound Investment Rule imposes prohibition or notification requirements on a wide range of investments by U.S. persons subject to the Outbound Investment Rule, which are defined as “covered transactions,” including acquisitions of equity interests (including purchases of shares in an initial public offering or contingent equity), certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. See “Regulatory Overview—Outbound Investment Rule by the U.S. Department of the Treasury” for more details of the Outbound Investment Rule. As we are registered and have our

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principal place of business in China, we are considered a “person of a country of concern.” We do not engage in any “covered activities” subject to investment prohibitions as our business involving the design of ICs does not meet the standard of the design of advanced ICs under the “prohibited transaction” criteria. However, our design of ICs constitutes “covered activities” subject to notification requirements. Therefore, we are a covered foreign person and investments by U.S. persons in us would constitute “notifiable transactions” under the Outbound Investment Rule. However, an investment by a U.S. person in a publicly traded security is exempted under the Outbound Investment Rule. Therefore, U.S. investors who acquire publicly traded shares in our H Shares are excepted from the notification requirements as long as the investment does not afford the U.S. persons rights beyond standard minority shareholder protections. As such, our Directors are of the view that the Outbound Investment Rule has no material adverse impact on our Global Offering. Based on the factors mentioned above, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to disagree with the Directors. However, there has been no enforcement action taken under the Outbound Investment Rule and it remains unclear how it will be enforced. There is no assurance that the U.S. Department of the Treasury will take the same view as ours. Further, on February 21, 2025, the U.S. President issued a memo titled the “America First Investment Policy” (hereinafter the “**America First Memo**”), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions. The Outbound Investment Rule, the America First Memo and any related policies, laws and regulations may be changed and updated from time to time, which may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the investor sentiment towards us, and therefore negatively impacting our ability to raise capital.

Recently, the U.S. has implemented a series of tariff measures, including reciprocal tariffs on numerous trading partners. In response, countries including China adopted retaliatory measures. Following a period of escalated tensions, including temporary reciprocal tariff rates as high as 125% on Chinese goods, the U.S. and China announced a 90-day suspension of certain tariff measures in May 2025, which was extended in August 2025. Such agreements lowered the additional U.S. tariffs on Chinese goods from approximately 145% (125% for reciprocal tariffs and 20% for fentanyl-related tariffs) to a combined rate of 30%, while China reduced its additional tariff rates on U.S. imports to 10%. On November 4, 2025, the U.S. officially announced a reduction of fentanyl-related tariffs from 20% to 10% and maintained the suspension of heightened reciprocal tariffs on imports from China until November 10, 2026. These rapidly evolving trade policies, along with associated geopolitical uncertainties, have created a challenging global environment that could lead to reduced international trade, market volatility, and increased costs. As of the Latest Practicable Date, it remained uncertain how the Sino-U.S. and the global trade tension will develop. We cannot assure you that our trade with the U.S. in the future will remain unaffected in light of the uncertainties relating to the geopolitical landscape and the development of the trade tension and tariff imposition.

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

We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. See “Regulatory Overview” and “Business—Licenses, Approvals and Permits” for more details. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a

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timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. Considerable uncertainties exist regarding the interpretation and implementation of existing and future laws, regulations and policies governing our business activities. We cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes in the relevant authorities' interpretation of these laws, regulations and policies.

If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate, we may be subject to various penalties, such as confiscation of the revenue that was generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based compensation expenses.

We adopted share incentive plans including share-based compensation for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred share-based payments of RMB118.8 million, RMB84.8 million and RMB159.1 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholdings of existing shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

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

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

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

During the Track Record Period, we recorded government grants of RMB50.5 million, RMB37.8 million and RMB101.1 million in 2023, 2024 and 2025, respectively, which mainly consist of subsidies received from the government in support of our R&D projects and activities carried out in

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the IC industry and high-technology advancement. In addition, we benefited from preferential tax treatments from the PRC government during the Track Record Period. Furthermore, we are an IC enterprise covered by the “Notice on Additional VAT Credit Policies for Integrated Circuit Enterprises” (《關於集成電路企業增值稅加計抵減政策的通知》) issued by the Ministry of Finance and the State Administration of Taxation. Under this provision, IC design, production, packaging and testing, equipment, and materials companies may deduct 15% of their current deductible input VAT against their payable VAT.

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

We may not be able to obtain additional capital when desired, on favorable terms or at all; therefore, we may not be able to implement our planned growth or development if we are unable to obtain sufficient financial resources.

Capital requirements are difficult to plan in the highly dynamic, cyclical and rapidly changing semiconductor industry. From time to time and increasingly so for the next few years, we will continue to need significant capital to fund our operations and manage our capacity in accordance with market demand. Our continued ability to obtain sufficient external financing is subject to a variety of uncertainties, including but not limited to our future financial condition, results of operations and cash flow, general market conditions for financing activities, market conditions for financing activities of semiconductor companies, and social, economic, financial, political and other conditions in the PRC and elsewhere. Sufficient external financing may not be available to us on a timely basis, on reasonable market terms, or at all. As a result, we may be forced to curtail our expansion and modification plans or delay the deployment of new or expanded product lines until we obtain such financing.

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

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

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

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

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

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

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

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

We collect and store business data and transaction data generated during or in connection with our business operations, as well as basic contact information of contact persons from our distributors, customers, suppliers and other business partners. See “Business—Data Security” for more details. The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee errors, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

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

We are exposed to fraudulent, corrupt, or illegal activities or other misconduct by our employees, suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities or negative publicity. Although we have established

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

We are subject to risks relating to litigation and disputes, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconduct of our employees. Such claims and disputes may evolve into litigations and damage our reputation and goodwill, thereby adversely affecting our customer base. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distracting and expensive as it may cause us to incur defense costs, utilize a significant portion of our resources and divert the management's attention from our day-to-day operations, any of which could harm our business. In addition, we may need to spend a significant amount to settle claims or pay damages if we lose a lawsuit, which could have a material and adverse effect on our business, financial condition and results of operations. If there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or adjust our business practices, which could have a material and adverse effect on our business, financial condition and results of operations.

We are subject to potential adverse effects in respect of defects in our existing properties owned and leased in China.

We may be exposed to potential adverse effects due to defects in our existing properties held and leased in China. Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010, and became effective on February 1, 2011, lease agreements in general are required to be registered with the local land and real estate administration bureau. As of the Latest Practicable Date, we had not obtained the registration of lease agreements for 13 of our leased properties in the PRC, two of which were in the process of registration. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. In accordance with the relevant PRC laws and regulations, a failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements, but we may be subject to a penalty ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant competent authorities.

We may be subject to additional contributions of social insurance and housing provident fund and late payments and fines imposed by relevant governmental authorities.

Under PRC laws and regulations, we are required to open social insurance registration accounts and housing provident fund accounts and make contributions for the social insurance and housing

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provident funds for the benefit of our employees. The relevant competent authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments; employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties.

During the Track Record Period, we engaged third-party human resource agencies to pay social insurance premium and housing provident funds for some of our employees. The third-party agencies have confirmed that they have paid such full contributions in accordance with the relevant regulations of the working region of these employees. During the Track Record Period, a certain PRC subsidiary we acquired had not made adequate contributions to social insurance and housing provident fund for a few of its employees in strict accordance with the relevant PRC laws and regulations. As of the end of September 2025, such PRC subsidiary had completed the rectification.

We cannot assure you that the competent government authorities will not require us to pay the outstanding amount and impose late payment fees or fines on us. If we are subject to investigations or significant administrative penalties or incur significant legal fees related to non-compliance with relevant PRC laws and regulations, our business, financial condition and results of operations may be adversely affected.

Our PRC Legal Adviser is of the opinion that, provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to the social insurance and housing provident fund, and no employee collective complaints, reports or related lawsuits or arbitrations are filed, we face a remote risk of being subject to centralized collection of contributions payment or significant administrative penalties for the above issues by the relevant competent authorities.

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

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

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

Our business is affected by changes in China's economic, political or social conditions or government policies.

The majority of our business assets are located in China and the vast majority of our sales and revenue were derived from China during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. These changes in political and economic policies may affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies which imposed

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stricter standards with respect to, among other things, quality and safety control, and supervision and inspection of companies in our industry. See “Regulatory Overview” for more details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, complying with which may incur additional costs for us. If we cannot fully comply with these laws, regulations and policies, our business, financial condition, results of operations and prospects may be affected.

Uncertainties embedded in the legal systems of certain geographic markets where we operate could materially and adversely affect us.

We conduct business in multiple geographic markets that adopt different legal systems. These jurisdictions in which we operate adopt either the civil law system or the common law system. In the civil law system, prior court decisions may be cited for reference and may have limited precedential value. For example, in recent years, the PRC government has passed reformative laws and regulations related to economic affairs such as those in protection of various forms of foreign investments in China. However, many of these laws and regulations are relatively new with few published cases and judicial interpretations. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that have recently been enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and regulations to our businesses is not settled. Therefore, it may be difficult to evaluate the level of legal protection we have in many of the geographic markets in which we operate. Any failure to comply with these laws and regulations may result in substantial costs and the diversion of resources and management attention, thereby adversely affecting our business, financial condition and results of operations.

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

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

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

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

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign exchange gains of RMB0.4 million and RMB6.2 million in 2023 and 2024, respectively, and net foreign exchange loss of RMB8.9 million in 2025. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the proceeds from the Global Offering will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations.

Our operations are subject to PRC tax laws and regulations.

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

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

According to the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) and its implementation regulations, the tax applicable to non-PRC resident individuals is proportionate at a rate of 20% for any dividends obtained from within the PRC or gains on transfer of shares and shall be withheld and paid by the withholding agent. According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations, if a non-resident enterprise has no presence or establishment within the PRC, or if it has established a presence or establishment but the income obtained has no actual connection with such presence or establishment, it shall pay an enterprise income tax on its income derived from within the PRC with a reduced rate of 10%. Pursuant to the Arrangement between the Chinese Mainland and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), dividends paid by PRC resident enterprises to Hong Kong residents can be taxed either in Hong Kong or in accordance with the PRC laws. However, if the beneficial owner of the dividends is a Hong Kong resident, the tax charged shall not exceed: (i) 5% of the total amount of dividends if the Hong Kong resident is a company that directly owns at least 25% of the capital of the PRC resident enterprise paying dividends; or (ii) otherwise, 10% of the total amount of dividends. Considering the foregoing, non-PRC resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sales or transfers by other means of the H Shares. See “Appendix III — Taxation and Foreign Exchange — PRC Taxation — Taxation Regarding Dividends” for more details.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly

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

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued 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》) and five supporting guidelines, which became effective on March 31, 2023 (the “**Overseas Listing Regulations**”). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers that are (i) companies incorporated in the PRC (“**PRC domestic companies**”) and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. See “Regulatory Overview—Laws and Regulations Relating to the Issuance and Listing of Securities Overseas by Domestic Enterprises” for more details. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

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

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

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RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to listing and regulatory requirements of Chinese Mainland and Hong Kong.

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

The characteristics of the A Share and H Share markets may differ.

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

An active trading market for our H Shares may not develop or be sustained.

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

The price and trading volume of our H Shares may be volatile in response to various factors beyond our control, including the general market conditions of securities in Hong Kong and elsewhere in the world which could result in substantial losses to investors.

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

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Moreover, shares of other companies listed on the Hong Kong Stock Exchange have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

You will incur immediate and significant dilution and may experience further dilution as a result of the Global Offering.

As the Offer Price of our H Shares is higher than the net tangible book value per H Share of our H Shares immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value. If we issue additional H Shares in the future, purchasers of our H Shares in the Global Offering may experience further dilution in their shareholding percentage. Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance that we will declare and distribute any dividends in the future.

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

Our Controlling Shareholders have substantial influence over our business, including matters related to our management, policies and decisions regarding acquisitions, mergers, expansion plans, consolidations and sales of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our H Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

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

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

Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange

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

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

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

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

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us, our Shares and the Global Offering. Prior to the publication of this prospectus, there may be press and media coverage regarding the Global Offering and us. Such press and media coverage may include references to certain information that does not appear in this 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 our investors should not rely on such information.

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

Certain facts, forecasts and other statistics in this prospectus are derived from various government and official resources. Nevertheless, information from official government sources has not

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been independently verified by us, the Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics.

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

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

WAIVERS AND EXEMPTIONS

In preparation for the Global Offering, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from the Companies (Winding up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

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

Our management, business operations and assets are primarily based outside Hong Kong. Our headquarters and our business operations are primarily based, managed and conducted in the PRC. As our executive Directors play very important roles in our business operation, it is in our best interest for them to be based in the places where the Group has significant operations. We consider it practicably difficult and commercially unreasonable for us to arrange for two executive Directors to be ordinarily reside in Hong Kong, either by means of relocation of our executive Directors to Hong Kong or appointment additional executive Directors. Therefore, we do not have, and in the foreseeable future will not have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. The Company has made the following arrangements to maintain effective communication between the Stock Exchange and us:

- (i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives (the “**Authorized Representatives**”), namely Ms. Zhang, one of our executive Directors, and Ms. Yeung Siu Wai Kitty (楊小慧) (“**Ms Yeung**”), who will act as the Company’s principal channel of communication with the Stock Exchange. The Authorized Representatives will be readily contactable by phone and email to promptly deal with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange;
- (ii) when the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all of our Directors (including our independent non-executive Directors) promptly at all times. In the event that any Director expects to travel or otherwise be out of office, he/she will provide a contactable phone number to the Authorized Representatives. Pursuant to Rule 3.20 of the Listing Rules, each of our Directors shall provide their telephone number, mobile phone number, facsimile number (if available), email address (if available), residential address and correspondence address to the Stock Exchange. To the best of our knowledge and information, each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period upon request of the Stock Exchange;
- (iii) we have appointed Red Solar Capital Limited as our compliance adviser (the “**Compliance Adviser**”) upon Listing pursuant to Rule 3A.19 of the Listing Rules for a

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period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. The Compliance Adviser will serve as the additional channel of communication with the Stock Exchange when the Authorized Representatives are not available and will have access at all times to the Authorized Representatives, the Directors and the senior management who will provide such information and assistance as our Compliance Adviser may reasonably request in connection with the performance of its duties as set out in Chapter 3A of the Listing Rules; and

- (iv) we will appoint other professional advisers (including legal adviser in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange.

We will inform the Stock Exchange as soon as practicable in respect of any change in the Authorized Representatives and/or the Compliance Adviser in accordance with the Listing Rules.

APPOINTMENT OF JOINT COMPANY SECRETARIES

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

Note 1 to Rule 3.28 of the Listing Rules further provides that 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).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

- (i) length of employment with the issuer and other issuers and the roles he or she played;
- (ii) familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Codes;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Pursuant to Chapter 3.10 of the Guide for New Listing Applicants, the Stock Exchange will consider a waiver application 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 applicant has principal business activities primarily outside Hong Kong;

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- (ii) whether the applicant is able to demonstrate the need to appoint a person who does not have the acceptable qualification nor relevant experience as a company secretary; and
- (iii) why the directors consider the proposed company secretary to be suitable to act as the issuer's company secretary.

Further, pursuant to Chapter 3.10 of the Guide for New Listing Applicants, 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 if there are material breaches of the Listing Rules by the applicant.

Our Group's principal business operations are in the PRC. We consider that apart from being able to meet the professional qualification or the relevant experience requirements under the Listing Rules, its company secretary also needs to have (i) experience relevant to our Company's operations; (ii) nexus to the Board; and (iii) 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 business and affairs as a company secretary.

Our Company has appointed Ms. Zhang, who also serves as the secretary to the Board, as one of the joint company secretaries. Our Company believes that it would be in the best interests of our Company and the corporate governance of our Group to appoint Ms. Zhang who has extensive experience of the Group's board and corporate management matters as a joint company secretary. Since Ms. Zhang presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, she may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Yeung, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules to act as the other joint company secretary and to provide assistance to Ms. Zhang for an initial period of three years from the Listing Date to enable Ms. Zhang to acquire the “relevant experience” under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules. For biographical details of Ms. Zhang and Ms. Yeung, see “Directors and Senior Management.”

Given Ms. Yeung's professional qualification and experience, she will be able to explain to both Ms. Zhang and our Company the relevant requirements under the Listing Rules and other applicable Hong Kong laws and regulations. Ms. Yeung will also assist Ms. Zhang in organizing Board meetings and Shareholders' general meetings as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Yeung is expected to work closely with Ms. Zhang and will maintain regular contact with Ms. Zhang, the Directors and the senior management of the Company. Ms. Zhang will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing Date. We will further ensure that Ms. Zhang will also be assisted by our Compliance Adviser and our legal adviser as to Hong Kong law on matters in relation to our ongoing compliance with the Listing Rules and the applicable laws and regulations.

Since Ms. Zhang does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock

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Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zhang may be appointed as a joint company secretary of our Company. The waiver is valid for an initial period of three years from the Listing Date on the conditions that (i) Ms. Zhang must be assisted by Ms. Yeung, who possesses the qualifications and experience 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 if and when Ms. Yeung, during the Waiver Period, ceases to provide such assistance to Ms. Zhang as a joint company secretary or if there are material breaches of the Listing Rules by our Company.

Before the expiration of the initial three-year period, the qualifications of Ms. Zhang will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Ms. Zhang, having benefited from the assistance of Ms. Yeung for the preceding three years, will have acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

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

Rule 10.04 of the Listing Rules requires 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 the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. Rule 10.03(1) of the Listing Rules provides that no securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities, and Rule 10.03(2) of the Listing Rules provides that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules must be achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

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.

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the Shenzhen Stock Exchange. We have a large and widely dispersed public A Shareholder base, thus it would be unduly burdensome for us to seek the prior consent of the Stock Exchange for each of our minority existing Shareholders or their close associates who subscribe for the H Shares in the Global Offering.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of

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Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the total number of A Shares in issue of our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the “**Existing Minority Shareholders**”), subject to the conditions as follows:

- (i) each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of the voting rights of our Company prior to the completion of the Global Offering;
- (ii) each Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;
- (iii) none of the Existing Minority Shareholders have the right to appoint a Director and/or have any other special rights in our Company;
- (iv) allocation to the Existing Minority Shareholders and/or their close associates will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08(1) (as amended and replaced by Rule 19A.13A(2) when applied to PRC issuers with other listed shares) of the Listing Rules or otherwise approved by the Stock Exchange;
- (v) the Joint Sponsors will confirm to the Stock Exchange in writing that based on (a) their discussions with our Company and the Overall Coordinators and (b) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators (confirmations as mentioned in (vi) and (vii) below), and to the best of their knowledge and belief, they have no reason to believe that any of the Existing Minority Shareholders and/or their close associates received any preferential treatment, or is in a position to exert influence on the Company to obtain actual or perceived preferential treatment in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, the Existing Minority Shareholders or their close associates’ cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders or their close associates than those in other cornerstone investment agreement, and the details of allocation to the Existing Minority Shareholders holding more than 1% in the issued share capital of the Company immediately prior to the completion of the Global Offering and/or their close associates will be disclosed in this prospectus and/or the allotment results announcement, as the case may be;
- (vi) our Company will confirm to the Stock Exchange in writing that based on (a) its discussions with the Overall Coordinators and (b) the confirmations provided by to the Stock Exchange by the Joint Sponsors (confirmations as mentioned in (v) above), and to the best of its knowledge and belief:
 - (a) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders and/or their close associates by virtue of their relationship with our Company, other than the

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preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Existing Minority Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders and/or their close associates than those in other cornerstone investment agreements; or

- (b) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche;
- (vii) in the case of participation as cornerstone investors, the Overall Coordinators will confirm to the Exchange that no preferential treatment has been, nor will be, given to the Existing Minority Shareholders and/or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and the Existing Minority Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders or their close associates than those in other cornerstone investment agreement;
- (viii) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders and/or their close associates by virtue of their relationship with our Company in any allocation in the International Offering

DISCLOSURE REQUIREMENTS IN RESPECT OF OUTSTANDING SHARE INCENTIVES

The Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance prescribe certain disclosure requirements in relation to the restricted stocks and the share options granted by our Company (the “**Share Incentives Disclosure Requirements**”):

- (i) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a share scheme must be clearly set out in this prospectus. Our Company is also required to disclose in this prospectus full details of all outstanding Share Incentives and their potential dilution effect on the shareholdings upon the Listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding Share Incentives;
- (ii) paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this prospectus particulars of any capital of any member of our Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and
- (iii) paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that our Company shall disclose in this prospectus the

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number, description and amount of any shares in or debentures of our Company which any person has or is entitled to be given, an option to subscribe for, together with the following particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures.

Paragraph 6 of Chapter 3.6 of the Guide for New Listing Applicants provides that in general, the Stock Exchange would grant waivers from disclosing the names and addresses of certain grantees in the listing document.

Paragraph 7 of Chapter 3.6 of the Guide for New Listing Applicants further provides that a waiver from the Share Incentives Disclosure Requirements is at least subject to the following conditions (the “Waiver Conditions”):

- (i) demonstrating that the disclosure required under the relevant Listing Rules would be irrelevant or unduly burdensome;
- (ii) disclosing the following in this prospectus:
 - (a) for each of the grantees who is (1) a director, (2) a member of the senior management, or (3) a connected person, all the particulars required under the Share Incentives Disclosure Requirements;
 - (b) for the remaining grantees, on an aggregate basis, (1) the aggregate number of grantees and the number of shares underlying the outstanding Share Incentives; (2) the vesting period for the restricted stocks or the exercise period of each option; (3) the consideration paid for the options; and (4) the grant price of the restricted stocks or the exercise price of the options; and
 - (c) the aggregate number of underlying shares required to be under the Share Incentive Plans; the percentage of such aggregate number of underlying shares to the issued share capital; and the dilution effect and impact on earnings per share upon full vesting of the restricted stocks or full exercise of the options under the Share Incentive Plans; and
- (iii) making available for public inspection a full list of all grantees under the Share Incentive Plans with all the particulars required under Share Incentives Disclosure Requirements.

Our Company, from time to time, adopted the Share Incentive Plans, details of which are set out in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus. As of the Latest Practicable Date, each of the 2021 Share Incentive Plan (the “**Restricted Stock Incentive Plan**”), the 2022 Share Incentive Plan, the 2023 Share Incentive Plan, the 2025 Share Incentive Plan and the 2025 Second Tranche Share Incentive Plan (the “**Stock Option Incentive Plans**”) was in effect, to which the Share Incentives Disclosure Requirements are applicable.

As of the Latest Practicable Date, the total number of A Shares underlying all outstanding Share Incentives under the Share Incentive Plans amounted to 29,363,143, accounting for approximately 4.35% of the total issued Shares upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our

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Company between the Latest Practicable Date and the Listing), among which the total number of A Shares underlying all outstanding restricted stocks and options under the Restricted Stock Incentive Plan and the Stock Option Incentive Plans amounted to 397,948 and 28,965,195, accounting for approximately 0.06% and 4.29% of the total issued Shares, respectively, upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing).

We have applied to (i) the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and (ii) the SFC for a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, exempting our Company from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, respectively, on the grounds that strict compliance with the Share Incentives Disclosure Requirements would be unduly burdensome for our Company and the waiver and exemption would not prejudice the interest of the investing public, taking into account the following reasons:

- (i) given that 1,674 grantees (other than director, senior management or connected persons of the Company) (“**Other Grantees**”) are involved in the Share Incentive Plans as of the Latest Practicable Date, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Share Incentive Plans in this prospectus would be costly and unduly burdensome for our Company in light of a significant increase in cost and time for information compilation and prospectus preparation. For example, the disclosure of personal information of each grantee may require the consent of all grantees to comply with personal information privacy laws and principles. Given the number of grantees, obtaining their consent would cause an unnecessary burden on our Company;
- (ii) full disclosure of the restricted stocks or stock options granted to each grantee could provide our employees with access to information about the remuneration of their peers or other employees, which may have a negative impact on employee morale, lead to negative internal competition and result in increased costs of recruiting and retaining talents. On the contrary, not disclosing such details in full will allow us more flexibility in determining our remuneration policies and details;
- (iii) full disclosure of the details of the grantees and the respective restricted stocks or stock options granted to them will provide competitors with details of our employee remuneration and facilitate their recruitment activities, which may affect our Group’s ability to recruit and retain valuable personnel;
- (iv) the grant and exercise in full of the restricted stocks or stock options under the Share Incentive Plans will not cause any material adverse impact to the financial position of our Group;
- (v) there will not be any new H Shares issued under the Share Incentive Plans as such plans are A-Share incentive plans;
- (vi) not fully compliant with the Share Incentives Disclosure Requirements would not prevent our Company from providing our potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company; and

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- (vii) material information relating to the Share Incentives, including most of the information required under the Waiver Conditions, has been disclosed in this prospectus to provide prospective investors with sufficient information to make an informed decision.

Therefore, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules in relation to the Share Incentive Plans on the conditions that:

- (i) a summary of the terms of the Share Incentive Plans is disclosed in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus;
- (ii) on an individual basis, full details of the Share Incentives granted by our Company under the Share Incentive Plans to each of our Directors, senior management and connected persons are disclosed in this prospectus, such details to include all the particulars required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (iii) in respect of the Share Incentives granted by our Company under the Share Incentive Plans to employees other than those referred to in (ii) above, disclosures are made in the prospectus, on an aggregate basis, by band based on the number of A Shares underlying each individual grantees, being (a) 1 to 29,999; (b) 30,000 to 99,999; and (c) 100,000 and above. For each lot of A Shares under the Share Incentive Plans, the following details are disclosed in the prospectus: (a) the aggregate number of grantees and the number of A Shares subject to the Share Incentives, (b) the consideration paid for the grant of the Share Incentives, and (c) vesting/ exercise period and grant/ exercise price for the Share Incentives;
- (iv) the total number of A Shares underlying the outstanding Share Incentive Plans and the percentage to our total issued Shares represented by such number of A Shares upon Listing are disclosed in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus;
- (v) the dilutive effect and impact on earnings per share upon the full vesting of the restricted stocks or full exercise of the stock options upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing) are disclosed in “Appendix VI — Statutory and General Information — Share Incentive Plans” to this prospectus;
- (vi) a full list of all the grantees (including the persons referred to in (ii) above) who have been granted Share Incentives to subscribe for A Shares under the Share Incentive Plans, containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, is made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII to this prospectus;
- (vii) the particulars of the waiver and the exemption will be disclosed in this prospectus; and
- (viii) the grant of a certificate of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the SFC exempting our Company from strict

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compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

We have applied for, and the SFC has granted us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with paragraph 10(d) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that:

- (i) full details of the Share Incentives granted by our Company under the Share Incentive Plans to each of our Directors, senior management and connected persons are disclosed in this prospectus, such details to include all the particulars required under paragraph 10;
- (ii) in respect of the Share Incentives granted by our Company under the Share Incentive Plans to employees other than those referred to in (i) above, disclosures are made in the prospectus, on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantees, being (a) 1 to 29,999; (b) 30,000 to 99,999; and (c) 100,000 and above. For each lot of A Shares under the Share Incentive Plans, the following details are disclosed in the prospectus: (a) the aggregate number of grantees and the number of A Shares subject to the Share Incentives, (b) the consideration paid for the grant of the Share Incentives, and (c) the exercise period and exercise price for the Share Incentives;
- (iii) a full list of all the grantees (including the persons referred to in (i) above) who have been granted Share Incentives to subscribe for A Shares under the Share Incentive Plans, containing all the particulars as required under paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection in accordance with the section headed “Documents Delivered to the Registrar of Companies and Available on Display” in Appendix VII to this prospectus; and
- (iv) the particulars of the exemption are disclosed in this prospectus and the prospectus will be issued on or before June 17, 2026.

DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the prospectus. Pursuant to Paragraph 12 of Chapter 4.14 of the Listing Guide, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

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

- (a) the Offer Price will be determined with reference to, among other factors, the closing price of the Company’s A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shenzhen Stock Exchange;
- (b) setting a fixed offer price or an offer price range with a low-end may adversely affect
 - (i) the market price of our A Shares, (ii) our ability to price the Offer Shares given

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potential price fluctuations of our A Shares during the period from the date of this prospectus until the pricing of the Global Offering; and (iii) our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;

- (c) pursuant to paragraphs 9 and 10(b) of Part A under the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in the prospectus, respectively. Disclosure of a maximum offer price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part A under the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and
- (d) a maximum Offer Price will be disclosed in this prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

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

- (a) the maximum Offer Price;
- (b) the time for the determination of the Offer Price and the form of its publication;
- (c) the historical prices of our A Shares and trading volume on the Shenzhen Stock Exchange during the Track Record Period and up to the Latest Practicable Date;
- (d) the determinants of the final Offer Price;
- (e) the source for investor to access the latest market price of the Company's A Shares; and
- (f) in no circumstances will the final Offer Price be greater than the maximum Offer Price as stated in this prospectus.

See "Structure of the Global Offering — Pricing and Allocation" for the historical prices of our A Shares and trading volume on the Shenzhen Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed Director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information 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

According to the Trial Measures for Overseas Listing, we are required to complete the filing procedures with the CSRC in connection with the proposed Listing. We have submitted a filing to the CSRC for application for the Listing on September 29, 2025. The CSRC confirmed completion of such filing on March 26, 2026.

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 Capital Market Intermediaries, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering.

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, see “Structure of the Global Offering.”

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

No action has been taken to permit a public offering of the Offer Shares outside 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 where 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.

UNDERWRITING

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, see “Underwriting.”

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).

Dealings in the H Shares on the Stock Exchange are expected to commence on Friday, June 26, 2026. Except for the A Shares that have been listed on the Shenzhen Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share capital or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

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

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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

CCASS 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 advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

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

Dealings in the H Shares registered in our H Share register of members 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 our H Share register of members of our Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they 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 the H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates or any of our or their respective directors, officers, employees, advisers, 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, the H Shares.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail unless otherwise stated. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities have been included in this prospectus in both the Chinese and English languages. 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates. Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this prospectus was made at the following rates:

RMB0.8705 to HK\$1.00

RMB6.8198 to US\$1.00

HK\$7.8345 to US\$1.00

The RMB to HK\$ and US\$ to RMB exchange rates are quoted by the PBOC for foreign exchange transactions prevailing on June 8, 2026. No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Zhang Shilong (張世龍)	No. 6, Door 2 No. 1 Jingouhe Road Haidian District Beijing PRC	Chinese
Ms. Zhang Qin (張勤)	No. 608, Door 6 No. 11 Fucheng Road Haidian District Beijing PRC	Chinese
Non-executive Directors		
Mr. Lin Lin (林林)	No. 4, 3/F No. 70 Jilin Street Nangang District Harbin City Heilongjiang Province PRC	Chinese
Ms. Liu Ming (劉明)	No. 6, Unit 121 No.5 Zhongguancun South Street Haidian District Beijing PRC	Chinese
Independent Non-executive Directors		
Dr. Du Meijie (杜美傑)	No. 205, 21/F No. 15 Xueyuan Road Haidian District Beijing PRC	Chinese
Ms. Tang Chunlin (唐春林)	Room 1703, Unit 5, Building 46 Fucheng Fulianyuan Yanjiao Development Zone Sanhe City Hebei Province PRC	Chinese
Mr. Chan Yik Pun (陳奕斌)	Flat G, Floor 24, Tower 25 South Horizons Hong Kong	Chinese (Hong Kong)

See “Directors and Senior Management” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Sponsors, Sponsor-Overall
Coordinators, Overall
Coordinators, Joint Global
Coordinators, Joint
Bookrunners, Joint Lead
Managers and Capital Market
Intermediaries**

**China International Capital Corporation Hong Kong
Securities Limited**

29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited

62/F, The Center
99 Queen's Road
Central
Hong Kong

Legal Advisers to our Company

As to Hong Kong and United States law:

Cooley HK

35/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:

JunHe LLP

20/F, China Resources Building
8 Jianguomenbei Aveue
Dongcheng District
Beijing
PRC

As to international sanctions laws:

Jun He Law Offices LLC

Suite 1919
630 Fifth Avenue, 45 Rockefeller Plaza
New York, NY 10111
United States

As to PRC sanctions laws:

JunHe LLP

20/F, China Resources Building
8 Jianguomenbei Aveue
Dongcheng District
Beijing
PRC

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

**Legal Advisers to the Joint
Sponsors and the Underwriters**

As to Hong Kong and United States law:

Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:

Shihui Partners
42/F, Tower C, Beijing Yintai Center
No. 2 Jianguomenwai Avenue
Chaoyang District
Beijing
PRC

**Reporting Accountants and
Independent Auditor**

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

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
Room 2504, Wheelock Square
1717 Nanjing West Road
Jing'an District
Shanghai
PRC

Receiving Banks

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

CMB Wing Lung Bank Limited
45 Dex Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office, Headquarters and Principal Place of Business in the PRC	4-1106, 11/F No. 87 West Third Ring Road North Haidian District Beijing PRC
Principal Place of Business in Hong Kong	Room 1910, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company's Website	www.sg-micro.com <i>(The information contained on this website does not form part of this prospectus)</i>
Joint Company Secretaries	Ms. Zhang Qin (張勤) No. 11 Fucheng Road Haidian District Beijing PRC Ms. YEUNG Siu Wai Kitty (楊小慧) <i>(ACG, HKACG)</i> Room 1910, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	Ms. Zhang Qin (張勤) No. 11 Fucheng Road Haidian District Beijing PRC Ms. YEUNG Siu Wai Kitty (楊小慧) <i>(ACG, HKACG)</i> Room 1910, 19/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Dr. Du Meijie (杜美傑) (<i>Chairperson</i>) Ms. Tang Chunlin (唐春林) Mr. Lin Lin (林林)
Nomination Committee	Ms. Tang Chunlin (唐春林) (<i>Chairperson</i>) Dr. Du Meijie (杜美傑) Dr. Zhang Shilong (張世龍)

CORPORATE INFORMATION

Remuneration and Appraisal Committee	Dr. Du Meijie (杜美傑) (<i>Chairperson</i>) Ms. Tang Chunlin (唐春林) Mr. Lin Lin (林林)
Strategy Committee	Dr. Zhang Shilong (張世龍) (<i>Chairperson</i>) Ms. Tang Chunlin (唐春林) Dr. Du Meijie (杜美傑)
Compliance Adviser	Red Solar Capital Limited (A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities) 402B, 4/F China Insurance Group Building 141 Des Voeux Road Central Central Hong Kong
H Share Registrar	Tricor Investor Services Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal Banks	China Merchants Bank Co., Ltd. Beijing West Third Ring Road Sub-branch 1st & 2nd Floors No. 67 Fushi Road Haidian District Beijing PRC Industrial and Commercial Bank of China Limited, Beijing Yuhaiyuan Sub-branch No. 12A Yuquan Road Haidian District Beijing PRC China Minsheng Bank Co., Ltd., Beijing Wanliu Sub-branch Room 101, Building 2, Courtyard 6 Wanliu Middle Road Haidian District Beijing PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from official government publications and other publicly available sources as well as from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”). The Company engaged Frost & Sullivan to prepare the Frost & Sullivan Report in connection with the Global Offering. The information from official government sources has not been independently verified by us, any of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering. For discussion of risks related to the Group’s industry, see “Risk Factors—Risks Relating to Our Business and Industry” for more details.

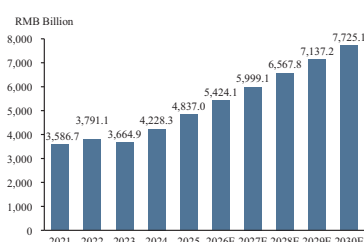
GLOBAL SEMICONDUCTOR INDUSTRY OVERVIEW

Classification and Market Overview of the Global Semiconductor Industry

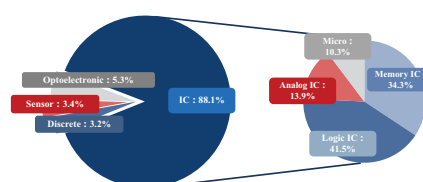
The global semiconductor market demonstrated significant growth between 2021 and 2025, with market size expanding from RMB3.6 trillion in 2021 to RMB4.8 trillion in 2025, representing a CAGR of 7.8%. From 2025 to 2029, the market is projected to grow at a CAGR of 9.2%, reaching RMB7.7 trillion by 2030.

In terms of product mix, the global semiconductor market is primarily comprised of four major categories: ICs, discrete devices, sensors, and optoelectronic products. Among them, ICs represent the largest segment, accounting for 88.1% of total market value. Sensors, as the core units at the sensing layer of electronic systems, convert physical quantities from the real world into electrical signals and account for 3.4% of the market. ICs can be further divided into logic ICs, memory ICs, analog ICs and microprocessors. Analog ICs perform critical functions in signal acquisition, signal transmission, and power management, and serve as the fundamental infrastructure for the proper operation of all electronic systems. In 2025, analog ICs accounted for approximately 13.9% of the IC market.

Semiconductor Market Size (by Revenue), Global, 2021–2030E



Semiconductor Market Structure by Product Category, Global, 2025



Source: Frost & Sullivan, World Semiconductor Trade Statistics, Semiconductor Industry Association

Analysis of the Unique Value of Analog ICs in the Semiconductor Industry

Analog ICs, including analog signal ICs and mixed signal ICs, hold a critical position within the semiconductor value chain, serving as the core bridge between the real and digital worlds. Analog ICs convert continuous analog signals such as sound, light, temperature, pressure, and current into digital signals for processing by digital ICs, or transform digital outputs back into analog signals to drive physical devices. Unlike digital ICs, which operate on binary logic, analog ICs directly process

INDUSTRY OVERVIEW

real-world continuous signals and provide irreplaceable functional attributes. Analog ICs' applications span sensing and detection, signal processing, power management, and actuation and driving, making them indispensable for the stable, efficient, and reliable operation of nearly all electronic systems.

From the perspective of downstream applications, analog ICs are embedded throughout the operating chain of electronic systems and are used in a wide range of sectors. In the industrial and energy sector, analog ICs with high precision, wide temperature and voltage ranges, low noise, and strong anti-interference characteristics enable the acquisition and conditioning of sensor signals and drive power devices to achieve energy conversion and execution control. Specifically, signal chain ICs such as amplifiers, comparators, and ADC/DACs perform precision sensing, conditioning, converting and feedback control functions, which are essential to motion control and automation systems. Meanwhile, power management ICs and driver ICs regulate and control voltage and current to operate power components such as MOSFETs, GaN FETs or IGBTs, ensuring efficient energy transformation, stable power delivery, and safe switching in applications such as photovoltaic inverters, power supplies, and industrial equipment. In the automotive sector, analog ICs provide automotive-grade precision signal acquisition, power management, and control driving for powertrain systems, BMS, ADAS, and in-vehicle infotainment. In the networking and computing sector, analog ICs ensure stable IC operation under heavy workloads through high-speed signal conditioning, efficient power conversion, and multiphase voltage regulation. In the consumer electronics sector, analog ICs, including signal chain and power management, enable long battery life, miniaturization, and multi-functional experiences, as signal chain ICs enable diverse sensing and interactive functions through high-precision and low-power signal processing, while power management ICs enhance energy conversion efficiency, reduce power consumption and optimize battery usage to extend operating time. Compared with discrete solutions, the higher level of integration of analog ICs also contributes to miniaturization by reducing overall component count and system footprint.

From a product and technology perspective, analog ICs are generally characterized by broad product diversity, long life cycles, multi-dimensional performance metrics, high design barriers, diverse manufacturing processes, and relatively long-term talent development. The mainstream processes for analog ICs are concentrated on mature process nodes, with stringent requirements for reliability and stability. Analog ICs have high design thresholds and complex performance parameters, with characteristics such as strong reliance on experience, non-standardization, and cross-disciplines. During design, engineers are required to carefully consider the alignment between system architecture and device parameters, as well as their mutual interactions. Moreover, due to the diversity of manufacturing and packaging processes, designers not only master the characteristics of various components but also are proficient in different manufacturing and packaging techniques. Therefore, designing analog ICs demands a high level of experience.

As the global semiconductor industry advances toward higher performance, lower power consumption, and greater reliability, the system-level value of analog ICs has become increasingly prominent. The expansion of AI-driven computing infrastructure, the rising penetration of electric and intelligent vehicles, and the ongoing upgrade of industrial and energy systems all place simultaneous demands on both the volume and performance of analog ICs. Therefore, analog ICs are not only essential components that support downstream technology iteration but also one of the core forces driving growth across the semiconductor industry.

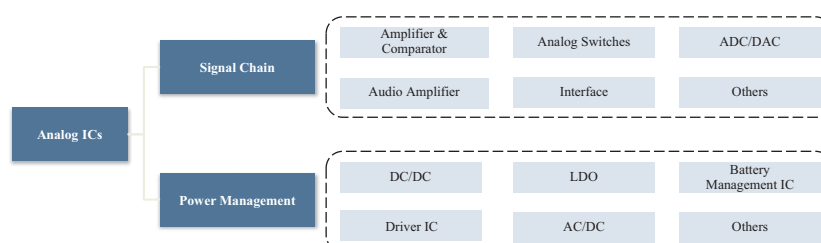
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ANALOG IC MARKET ANALYSIS

Introduction to Analog ICs

In terms of functionality in circuits, analog ICs can be broadly categorized into two major types: signal chain ICs and power management ICs. Signal chain ICs are designed to receive, transmit, convert, amplify, and condition analog signals, enabling high-precision interaction between the real world and digital processing systems. Power management ICs are responsible for power conversion, distribution, detection, and monitoring across an entire electronic system, ensuring stable operation under varying conditions.

Classification of Analog ICs

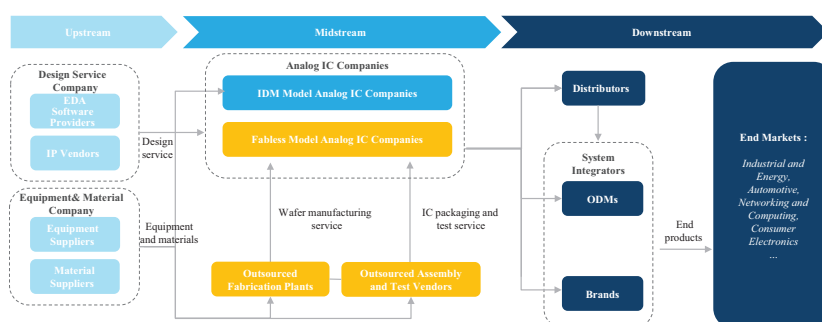


Source: Frost & Sullivan

Analog IC Industry Value Chain

The value chain of the analog IC industry can be divided into three major segments: upstream suppliers of EDA tools, IP, equipment, and materials; midstream participants including analog IC companies, wafer fabrication, packaging, and testing providers; and downstream distributors, system integrators, and end markets. Within the midstream segment, analog IC companies may adopt the IDM model, which integrates IC design, wafer fabrication, packaging, testing, and product sales, or the fabless model, which focuses on IC design and sales while outsourcing manufacturing. Analog ICs have a wide range of applications across end markets such as industrial and energy, automotive, networking and computing, and consumer electronics.

Industry Value Chain of Analog ICs



Source: Frost & Sullivan

Analog IC Market Size

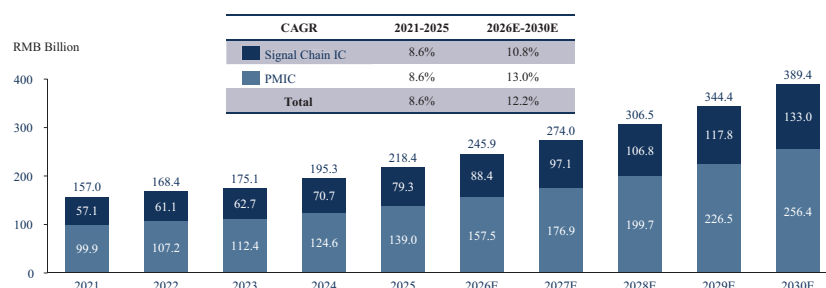
From a market size perspective, the global analog IC market expanded from RMB478.1 billion in 2021 to RMB617.9 billion in 2025, driven by rapid growth in industrial and energy, automotive,

INDUSTRY OVERVIEW

networking and computing and consumer electronics. From 2022 to 2023, however, the analog IC market in China experienced a temporary slowdown as weaker macroeconomic conditions led to softer end-market demand. The most significant impact came from the consumer electronics sector, where shipments of smartphones, PCs and other personal devices declined materially, resulting in reduced procurement by device manufacturers and channel partners and moderating overall market growth during the period. In 2024, consumer electronics shipments began to recover, partially supported by AI-related infrastructure upgrades, and the analog IC market accordingly resumed its growth trajectory. Looking ahead, driven by the increasing adoption of AI applications, along with the rising penetration of ADAS and NEVs, the global analog IC market is expected to reach RMB927.0 billion by 2030. China, as one of the world's largest consumption markets for analog ICs, recorded significant expansion between 2021 and 2025. Market size increased from RMB158.0 billion in 2021 to RMB218.4 billion in 2025, and is expected to reach RMB 389.4 billion by 2030.

By product category, the signal chain IC market expanded from RMB57.1 billion in 2021 to RMB79.3 billion in 2025, and is projected to reach RMB133.0 billion by 2030, driven by industrial automation, NEVs, and the growing adoption of embodied AI. China's power management IC market grew from RMB99.9 billion in 2021 to RMB139.0 billion in 2025. Driven by demand for high-efficiency power solutions in AI infrastructure, NEV power systems, and smart devices, China's power management IC market is expected to continue its growth and reach RMB256.4 billion by 2030.

Analog IC Market Size (by Revenue), by Product Type, China, 2021-2030E

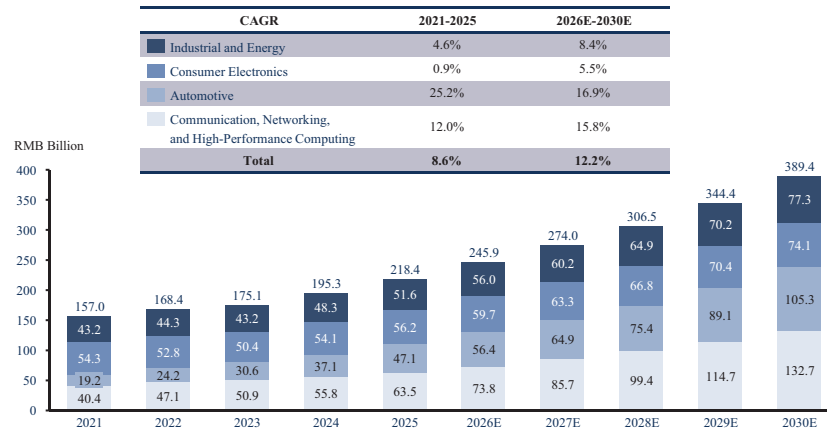


Source: Frost & Sullivan, China Semiconductor Industry Association

From a downstream perspective, China's analog IC market exhibits differentiated growth across major application sectors. The automotive sector is expected to be the fastest-growing segment, while the networking and computing sector remains the largest downstream market. Meanwhile, industrial and energy applications continue to grow, and consumer electronics provide a stable demand base.

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Analog IC Market Size (by Revenue), by Downstream Application, China, 2021-2030E



Source: Frost & Sullivan, China Semiconductor Industry Association

Downstream Applications and Market Outlook for Analog ICs

Analog ICs play a foundational role across a wide range of industries, driving technological progress in industrial and energy, automotive, networking and computing and consumer electronics. Their unique capability to serve as the interface between the real and digital worlds makes them indispensable components of nearly all modern technology ecosystems. At present, China's analog IC market remains dominated by overseas providers. From the perspective of downstream applications, in the consumer electronics sector, domestic enterprises have gradually caught up with leading international manufacturers and have secured a share of the market. However, in other critical sectors such as industrial and energy, automotive, networking and computing, domestic enterprises still lag behind leading international players. The primary reason lies in the high technical barriers of core products. For example, products such as ADC/DAC impose extremely demanding requirements across multiple parameters, including sampling rate, resolution, signal-to-noise ratio, and power consumption. Similarly, power management ICs for servers have to deliver high current capacity, fast transient response, and long-term stability, all of which depend on years of technological accumulation and extensive application validation. Nevertheless, supported by sustained R&D and technological breakthroughs, Chinese companies are steadily expanding their presence and market share in the analog IC industry.

Overview of Major Downstream Applications of Analog ICs

	Industrial and Energy	Automotive	Networking and Computing	Consumer Electronics
Product	- High-precision ADC/DACs - Precision operational amplifiers - High-speed comparators ...	- Automotive-grade operational amplifiers - BMS - Motor drivers - High-Side drivers ...	- Multiphase controllers and DrMOS - High-current DC/DC converters - SerDes ...	- Display power supply ICs - Battery charger ICs - LDOs ...
Product Function	- Capture and convert micro-volt sensor signals into high-resolution digital signals; - Provide low-noise amplification, filtering and level shifting to preserve signal integrity; - Enable fast threshold detection and protection loops for motor drivers, power supplies and safety circuits.	- Condition and amplify sensor signals in ECUs, ADAS, and infotainment units to ensure accurate system performance; - Manage 12 V/48 V batteries and high-phase motors in EV power-train, body, and chassis systems. - Drive and control traction or auxiliary motors in electric vehicles with integrated gate drivers, current sensing, and comprehensive protection features for high-efficiency and reliable operation. - Provide robust high-voltage load switching and short-circuit protection, enabling safe and efficient power distribution across automotive power-train, body, and chassis systems.	- Deliver sub-microsecond transient response and tight voltage regulation for CPUs / ASICs. - Provide high-efficiency, large-current power delivery for servers, high-performance computing systems, and networking equipment. - Enable multi-gigabit high-speed serial data transmission and clock recovery for data-center interconnects, 5G infrastructure, and optical network backbones, supporting low-latency and low-jitter links required by CPUs, and ASICs.	- Provide multiple regulated voltage rails (e.g., AVDD, VGH, VGL, VCI) required by AMOLED displays, ensuring stable brightness and color performance; - Manage mobile device charging with voltage conversion, current regulation, and protection for safe and efficient battery charging. - Offer ultra-low-dropout, high-PSRR voltage regulation to supply noise-sensitive circuits such as camera sensors, and audio systems, etc., ensuring stable operation and extended battery life.

Source: Frost & Sullivan

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Industrial and Energy

With the continued advancement of industrial automation and the energy transition sector, the role of analog ICs in enabling precise signal processing, efficient energy conversion, and stable equipment operation has become increasingly prominent. For example, amplifiers and ADC/DACs acquire and convert sensor signals, ensuring accuracy and real-time performance in motion control. Power management ICs, such as LDOs and DC/DC converters, provide a stable power supply for industrial equipment, medical devices, household appliances, and embodied AI. In addition, these ICs enable efficient energy transfer and regulation across different voltage platforms. In the energy sector, analog ICs serve as critical components in photovoltaic inverters and energy storage systems, helping to improve energy efficiency and reduce losses.

In the industrial sector, diverse applications such as manufacturing automation, medical equipment, and household appliances impose higher requirements on analog ICs. These demands are driving continuous upgrades in precision, speed, power efficiency, noise immunity, and long-term reliability. Motion control in manufacturing, as well as embodied AI and CNC machine tools, requires real-time and highly accurate signal acquisition and processing, which drives ADC/DACs toward higher resolution and lower latency. Large power devices used in factories, such as motors and inverters, generate significant electromagnetic interference, which requires analog ICs to feature high signal-to-noise ratios and strong resistance to interference. In medical equipment and household appliances, LDOs and DC/DC converters are required to deliver stable performance across wide temperature ranges and long operating lifetimes, while achieving high energy efficiency and low noise to safeguard diagnostic accuracy and household energy efficiency.

In the energy sector, including photovoltaic, wind power, and energy storage systems, analog ICs are essential for ensuring efficient and secure system operation. Photovoltaic inverters and wind converters are evolving toward higher power density, greater conversion efficiency, and larger system scale, which requires power management ICs with higher efficiency, superior transient response, and strong long-term stability to enable safe and low-loss energy conversion under high voltage and large current fluctuation conditions. The intelligence and digitalization of new energy systems have advanced significantly, placing higher requirements on signal chain ICs for high-accuracy sampling, low-noise conditioning, fast data conversion, and robustness under strong electromagnetic interference to ensure real-time monitoring and control of key parameters such as voltage, current, and temperature. At the same time, with the large-scale deployment of energy storage systems, increasingly stringent standards are imposed on battery safety and lifespan management, driving continuous upgrades of power management ICs in precise power control, long cycle reliability, and safety redundancy design.

Automotive

In the automotive sector, analog ICs are widely deployed across systems such as ADAS, intelligent cockpits, body electronics, lighting, infotainment and instrument displays. Specifically, in BMS, high-precision signal-chain ICs and power-management ICs monitor and condition battery voltage, current, and temperature in real time. Working together with analog driver ICs, they provide cell balancing and safety protection, which are critical to ensuring the driving range and operational safety of NEVs. In perception systems such as LiDAR and in-vehicle cameras, high-performance power-management ICs supply low-noise, stable power, while high-speed ADC/DAC and signal-amplifier ICs enable rapid data acquisition, conversion, and processing to support ADAS decisions. In intelligent cockpit and body-control systems, switching and driver ICs manage multi-channel signal control and actuator driving, improving human-machine interaction and overall vehicle control precision.

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From a market perspective, China's automotive industry is undergoing profound structural transformation: sales of traditional vehicles declined from 22.8 million units in 2021 to 18.0 million units in 2025, while sales of NEVs surged from 3.5 million to 16.5 million units over the same period, representing a CAGR of 47.2%, and it is projected to reach 36.6 million units by 2030. China has become a microcosm of the global automotive shift toward electrification and intelligence, creating sustained growth opportunities for analog ICs.

Networking and Computing

In the networking and computing sector, the surge in AI model training, cloud computing and data traffic is driving rapid expansion and performance upgrades in computing infrastructure. Taking servers as an example, shipments in China increased from 4.1 million units in 2021 to 4.7 million units in 2025 and are expected to reach 5.4 million units by 2030. Among them, AI servers are the primary growth engine, with shipments rising from 233.3 thousand units in 2021 to 657.4 thousand units in 2025 and projected to reach 2.0 million units by 2030.

Meanwhile, following the gradual completion of 5G deployment, the construction of communication base stations is progressing toward high-speed optical networks, driving continuous upgrades of key equipment such as optical modules and switches. The continuous rise in data transmission rates and the sharp increase in power consumption have made signal-chain ICs and power management ICs increasingly critical in computing infrastructure. High-current DC/DC converters, multiphase power controllers, and DrMOS enable efficient power delivery to CPU, microprocessor, memory, and network-interconnect devices, meeting the requirements for high power density and intelligent power control. High-speed ADCs/DACs, interface ICs, and high precision clock ICs support optical-electrical conversion, signal amplification, data acquisition, and conditioning, thereby ensuring low latency and high signal integrity. At the same time, eFuses, as key components for server power protection, are capable of rapidly disconnecting circuits under overcurrent or short-circuit conditions to prevent damage to critical ICs and modules. With the accelerating demand for servers, optical modules, and communication base stations, the analog IC market is expected to see continuous and rapid growth.

Consumer Electronics

In smartphones, wearable devices, personal computers, televisions and other consumer electronics, analog ICs are used in critical functions such as power management, display driving, audio amplification, charging and protection, ensuring stable operation under the demands of multifunctionality, high performance, high reliability, and portability. Power management ICs deliver efficient voltage regulation, power control and battery-charging and discharging management. Display driver ICs convert digital signals into analog signals recognizable by display panels, enabling high-resolution and low-power visual performance. Charging and protection ICs ensure safety and compatibility in fast-charging environments.

From a market perspective, China is the world's largest producer of consumer electronic products, accounting for more than 70% of global output and holding a central position in the global supply chain with production volumes growing from 1.7 billion units in 2021 to 1.8 billion units in 2025. Looking ahead, as consumer electronics increasingly adopt edge-AI capabilities and evolve toward product diversification, portability, fast-charging, high power, and low power consumption, next-generation devices will impose higher requirements on analog ICs. AI smartphones and AI PCs

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deploying large models locally will raise inference power consumption, accelerate load fluctuations, and increase the number of voltage domains, requiring power management ICs to deliver high current output within limited space, manage multiple power rails, and schedule them efficiently. AR/VR interactive devices will demand lower power consumption and more complex signal processing. Wearable devices will place greater emphasis on miniaturization and longer battery life. High-performance audio applications will pursue lower distortion and wider dynamic range. These trends are expected to further increase demand and value of analog ICs.

Critical Success Factors in the Analog IC Market

From the product dimension, companies are required to establish a comprehensive product portfolio spanning both signal chain and power management, while continuously expanding part numbers to address diverse application requirements across multiple end markets. Such a broad product line layout not only provides long-term, stable and predictable growth potential and business resilience across specific products and application cycles, but also enhances resilience against risks, creates cross-selling opportunities and enhances customer stickiness.

From the customer dimension, demand typically spans multiple product categories, making cross-product-line supply chain capabilities critical for delivering overall solutions and improving procurement efficiency. At the same time, stringent qualification and verification processes, together with long product life cycles in downstream applications, reinforce customer stickiness and switching costs, making continuous customer accumulation and long-term relationship maintenance key to sustained growth.

From the technology dimension, companies need to respond efficiently to diverse and evolving application requirements in terms of performance, interface standards and power optimization, requiring strong coordination across R&D, verification and delivery. In addition, capabilities in ensuring product reliability, safety and compatibility under complex operating environments, as well as early-stage participation in customer design processes, enable deeper integration with end systems and strengthen long-term technical advantages.

From the industry collaboration dimension, close cooperation across the value chain, particularly with downstream customers and foundries, enables companies to better capture end-market demand, secure process technology support and production capacity, and improve yield and product iteration efficiency. Such collaboration helps companies shorten development cycles, align product launches with market trends and maintain competitiveness in a rapidly-evolving industry.

Drivers and Development Trends of China's Analog IC Market

Demand Side. The rapid development of AI, automotive, as well as industrial and energy sectors is driving both volume growth and higher performance requirements for analog ICs. In AI, demand is increasing for high-performance signal chain and power management solutions across both cloud and edge deployments. In automotive, electrification, intelligence and connectivity are increasing semiconductor value per vehicle and driving greater adoption of analog ICs. In industrial and energy applications, stringent requirements on reliability, operating conditions and system stability are further supporting growth in both the quantity and performance of analog ICs.

Product Side. Ongoing technological iteration and sustained R&D investment are intensifying industry competition. High-precision signal chain products—including low-noise operational

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amplifiers, low-drift references, high-resolution and high-speed ADCs, low-RON analog switches and high-PSRR LDOs—are being continually optimized to support high-quality signal acquisition and processing in complex environments. High-efficiency power architectures, such as multiphase power, DrMOS, digital power control, PoL, and GaN drivers, are rapidly upgrading, significantly improving power supply efficiency and energy management levels. In the analog IC market, companies that pursue platform-based and series-based development together with large-scale part number layout can meet the differentiated requirements of various terminals in terms of power consumption, speed, precision, temperature range, and interface compatibility. These companies are also able to establish deep binding and technical barriers in high-value applications, thereby further strengthening overall competitiveness.

Policy Side. Government initiatives are increasingly focused on integrated circuit self-sufficiency, domestic substitution in industrial and automotive-grade equipment, energy transition, and carbon neutrality goals. On the supply side, policies such as the Several Policies to Promote the High-quality Development of the Integrated Circuit Industry and Software Industry 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》) support domestic semiconductor enterprises, including analog IC manufacturers, through tax incentives, R&D support, facilitation of investment and financing, and encouragement of market-oriented application and verification. On the demand side, policies promoting downstream industries, such as the Outline of the 15th Five-Year Plan for National Economic and Social Development (《國民經濟和社會發展第十五個五年規劃綱要》), drive the expansion and upgrading of industrial automation, smart equipment and intelligent production systems. As analog ICs, including signal chain ICs and power management ICs, are core components in industrial control, sensing, signal processing and power conversion, the expansion and upgrading of these downstream application scenarios directly increase demand for analog ICs, thereby supporting sustained growth of the analog IC industry.

CHINA'S ANALOG IC MARKET COMPETITION ANALYSIS

Overview of China's Analog IC Market Landscape

The analog IC industry, given its broad application coverage and diverse product categories, has developed into a fragmented market characterized by the coexistence of multiple players. International leaders, supported by long-term technological accumulation and comprehensive product portfolios, continue to dominate the China analog IC market. In recent years, however, driven by rising demand and continuous technological progress, Chinese companies have been steadily narrowing the gap with global leaders, gradually reshaping the competitive landscape.

Rankings and Market Share Analysis of Analog IC Companies

The global and China's analog IC markets have long exhibited relatively stable yet fragmented competitive landscapes. In the China market, we continue to hold a leading position, while steadily moving up the rankings in the global market.

In 2025, in the China analog IC market, the top eight companies together accounted for 37.3% of market share, with our company ranking first among domestic companies and eighth among global companies. In the global analog IC market, we ranked among the top fifteen worldwide.

In the China signal chain IC market, we ranked first among domestic companies and sixth among global companies, while in the global market we ranked twelfth worldwide. In the China power management IC market, we ranked second among domestic companies and seventh among global companies, while in the global market we ranked tenth worldwide.

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It is noteworthy that we are the only company ranked among the top three domestic players in the analog IC market, the signal chain IC market, and the power management IC market.

In terms of specific products, in the China signal chain IC market we ranked first among domestic companies and the top four among global companies in the amplifier & comparator and ADC/DAC market. In the China power management IC market, we ranked first among domestic companies and the top three among global companies in the LDO market, and first among domestic companies and the top four among global companies in the AMOLED power supply IC market.

Our core rankings in 2025 in terms of revenue are as follows:

- In the China analog IC market, we ranked first among domestic companies and eighth among global companies.
- In the China signal chain IC market, we ranked first among domestic companies and sixth among global companies.
- In the China power management IC market, we ranked second among domestic companies and seventh among global companies.
- In the China market for amplifier & comparator, ADC/DAC, AMOLED power supply IC, and LDO, we ranked first among all domestic companies.

Ranking of Analog IC Companies by Revenue, China, 2025

Rank	Company Name	Revenue (RMB bn)	Market Share (%)
1	Company A	21.4	9.8
2	Company B	16.3	7.5
3	Company C	11.0	5.0
4	Company D	11.0	5.0
5	Company E	7.4	3.4
6	Company F	6.3	2.9
7	Company G	4.1	1.9
8	Our Company	3.9	1.8
Subtotal		81.4	37.3

Source: Frost & Sullivan

Notes:

1. Company A is a listed company on Nasdaq, established in 1930 and headquartered in Texas, United States, with major business operations in North America, Europe and Asia-Pacific. It specializes in the provision of analog and embedded processing ICs for the end market such as industrial and energy, automotive, networking and computing.

2. Company B is a listed company on Nasdaq, established in 1965 and headquartered in Massachusetts, United States, with global business coverage across North America, Europe and Asia. It focuses on manufacturing high-performance analog and digital signal processing integrated circuits for the end market of industrial and energy, automotive, networking and computing.

3. Company C is a listed company on Nasdaq, established in 1997 and headquartered in Florida, United States, with sales mainly concentrated in Asia and North America. It manufactures high-efficiency power management integrated circuits used in end markets such as networking and computing and consumer electronics.

4. Company D is a listed company on the FSE, established in 1999 and headquartered in Neubiberg, Germany, with major revenue contributions from the automotive and industrial markets in Europe, Asia-Pacific and North America. It focuses on providing MCUs, sensors, analog ICs and other semiconductors and system solutions for the automotive, networking and computing markets.

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5. Company E is a listed company on Euronext Paris, Borsa Italiana, and the NYSE, established in 1987 and headquartered in Geneva, Switzerland, with major business presence in Europe and significant operations in Asia-Pacific and the Americas. It provides a wide range of semiconductors including microcontrollers, analog ICs and MEMS used in industrial and energy, automotive, networking and computing applications.

6. Company F is a listed company on Nasdaq, established in 2006 and headquartered in Eindhoven, Netherlands, with key business operations in Europe, Asia-Pacific and North America. It specializes in providing semiconductor solutions for the end market of industrial and energy, automotive, networking and computing.

7. Company G is a listed company on the TWSE, established in 2008 and headquartered in California, United States, with business focus in Greater China and Asia-Pacific. It develops and produces power management ICs for the end market of consumer electronics, industrial and energy, networking and computing.

In the signal chain IC market, the top six companies together accounted for 50.0% of total market share in 2025. In this market, we ranked first among Chinese companies and sixth among global companies, with a revenue of RMB1.5 billion and a market share of 1.9%.

Ranking of Signal Chain IC Companies by Revenue, China, 2025

Rank	Company Name	Revenue (RMB bn)	Market Share (%)
1	Company B	15.5	19.5
2	Company A	9.0	11.3
3	Company F	5.7	7.2
4	Company E	4.2	5.3
5	Company D	3.9	4.8
6	Our Company	1.5	1.9
Subtotal		39.7	50.0

Source: Frost & Sullivan

In the power management IC market, the top seven companies together accounted for 30.3% of total market share in 2025, reflecting a more fragmented structure compared with the signal chain IC market. In this market, we ranked second among Chinese companies and seventh among global companies, with a revenue of RMB2.4 billion and a market share of 1.7%.

Ranking of Power Management IC Companies by Revenue, China, 2025

Rank	Company Name	Revenue (RMB bn)	Market Share (%)
1	Company A	12.4	8.9
2	Company C	9.9	7.1
3	Company D	7.1	5.1
4	Company G	3.9	2.8
5	Company H	3.2	2.3
6	Company E	3.2	2.3
7	Our Company	2.4	1.7
Subtotal		42.1	30.3

Source: Frost & Sullivan

Note:

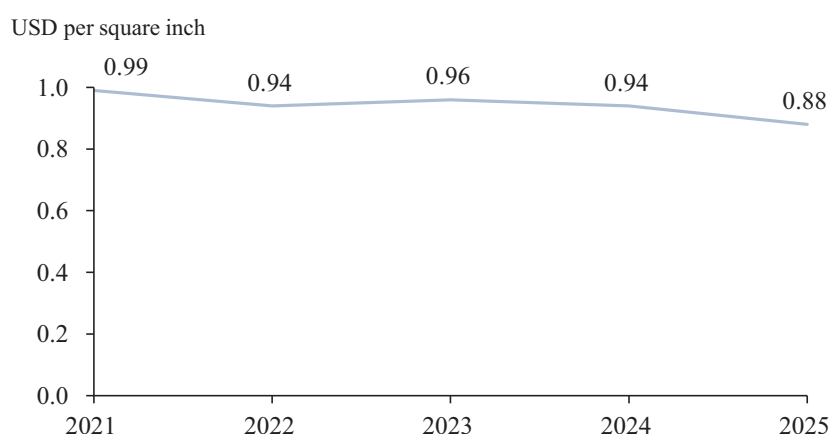
1. Company H is a listed company on the SSE STAR Market, established in 2015 and headquartered in Shanghai, China, with business operations primarily in Chinese Mainland and Asia-Pacific. It designs power management ICs mainly used in the end market of consumer electronics.

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Wafer Pricing Analysis

Semiconductor silicon wafers are one of the raw materials used in the production of analog ICs and constitute a key raw material procured by the Company. The pricing of semiconductor silicon wafers is primarily driven by supply-demand fundamentals and inventory changes across the semiconductor supply chain. Unlike wafer foundry pricing, which is more directly affected by foundry utilization and downstream chip production demand, the price of semiconductor silicon wafers as an upstream material tends to move more moderately and is more influenced by capacity expansion and inventory normalization. As shown in the chart above, the average selling price of semiconductor silicon wafers per square inch declined from US\$0.99 in 2021 to US \$0.88 in 2025, with only limited fluctuations during the period. This was mainly because global silicon wafer supply gradually became more sufficient following capacity expansion, while inventory digestion at downstream customers in certain periods further softened procurement demand, thereby exerting downward pressure on pricing. The slight rebound in certain years mainly reflected short-term restocking and procurement rhythm adjustments, rather than a reversal of the overall trend. Looking ahead, given the relatively ample global production capacity and the gradual normalization of supply-demand and inventory levels, semiconductor silicon wafer prices are expected to remain broadly stable in the long term.

The Price of Semiconductor Silicon Wafers



Source: Frost & Sullivan, SEMI

Barriers to Entry in the Analog IC Industry

The analog IC industry is subject to technology and product development barriers, supply chain barriers, brand barriers and talent barriers. Technology and product development barriers arise from the complexity of analog IC design across circuit architecture, process parameters, power management and signal integrity, as well as stringent requirements on precision, power efficiency and reliability, which necessitate long-term R&D accumulation and continuous product iteration. Supply chain barriers stem from the reliance on stable collaboration with high-quality foundries and OSAT providers for wafer fabrication, packaging and testing, as well as the need to secure capacity and delivery stability across market cycles and, in some cases, develop proprietary processes through deep manufacturing partnerships. Brand barriers are driven by strict requirements from downstream customers on product reliability and long-term supply capability, where product validation and adoption lead to high customer stickiness and switching costs, reinforcing the advantages of companies with established

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track records. Talent barriers result from the industry's dependence on experienced analog IC design engineers with capabilities in circuit design, process integration and system-level understanding, combined with a long talent cultivation cycle that makes it difficult for new entrants to build competitive R&D teams.

OVERVIEW OF CHINA'S SENSOR MARKET

Definition and Classification of Sensors

Sensors are core devices that convert physical or chemical quantities, such as temperature, pressure, acceleration, light, electricity, magnetism, and gases, into processable electrical signals, while performing signal amplification, conditioning, and analog-to-digital conversion within the IC. The core components of sensors include sensing elements, signal processing circuits, and packaging structures. The sensing elements are responsible for converting external stimuli into initial electrical signals. The integrated signal processing circuits, such as amplifier & comparator and ADC/DAC analog or mixed-signal ICs, amplify, filter, and digitize weak signals for output. The packaging structures provide protection, interconnection, and heat dissipation, ensuring reliable system integration and application interfaces.

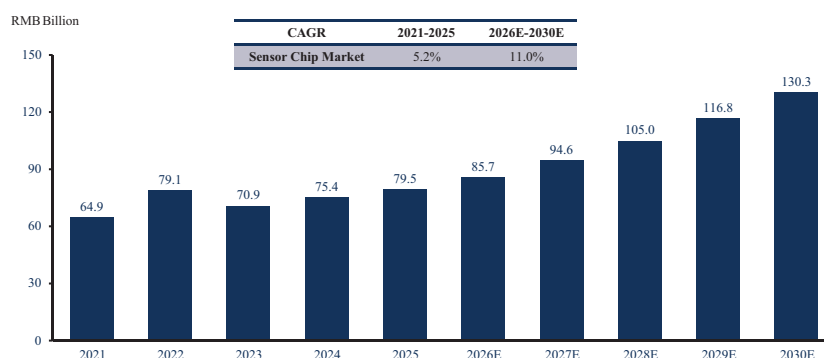
From a functional perspective, sensors can be broadly categorized into physical sensors, chemical and biological sensors, optical and imaging sensors, and magnetoelectric and special sensors. Physical sensors measure temperature, pressure, humidity, vibration, displacement, and other parameters, making them essential components in industrial and energy, automotive, networking and computing, and consumer electronics. Chemical and biological sensors detect gas concentrations, chemical compositions, or biomolecules, with applications in environmental monitoring, healthcare, and food safety. Optical and imaging sensors, such as CMOS image sensors and LiDAR receivers, provide core imaging and distance data for smartphones, autonomous driving, and AR/VR. Magnetic and special sensors, such as Hall-effect or magnetoresistive sensors and Radio Frequency Identification ICs, are used in position detection, current measurement, motion control, and security IoT scenarios. Overall, sensors are evolving toward integration, miniaturization, and low power consumption. These trends not only support the upgrading of traditional applications in smart devices, automotive, and industrial control, but also provide indispensable sensing capabilities for emerging fields such as IoT, smart healthcare, and ADAS.

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Market Size of Sensors

In 2025, the China sensor market reached RMB79.5 billion. With the rise of new energy and intelligent vehicles, industrial automation, and edge AI-enabled smart devices, the China sensor market is expected to maintain steady growth. By 2030, the market size is projected to reach RMB130.3 billion.

Sensor Market Size (by Revenue), China, 2021–2030E



Source: Frost & Sullivan, China Semiconductor Industry Association

Drivers of the Sensor Market

Accelerating automotive electrification and intelligence. As the automotive industry shifts toward electrification and intelligence, both the demand for sensors and the technical thresholds are rising significantly. Compared with traditional fuel vehicles, the number of sensors used in new energy and intelligent vehicles has more than doubled. The “three electric systems” of new energy vehicles, which replace traditional engines, are driving rapid growth in demand for current sensors. Motor control, as the core technology of electric vehicles, requires angle sensors with higher accuracy, lower power consumption, and wider operating temperature ranges to ensure efficient and stable operation under extreme conditions. Applications such as electric power steering, electronic throttle pedals, and electric seats are also creating additional demand for magnetic sensors. At the same time, temperature sensors play a critical role in real-time monitoring of BMS and motor power units, which is essential for ensuring driving safety and system reliability.

AI infrastructure expansion. The rapid construction of computing power centers is generating sustained incremental demand for sensors. AI data centers integrate massive volumes of servers, networking, and storage equipment, and the prolonged full-load operation of these facilities produces substantial heat that requires real-time monitoring and dynamic adjustment. Temperature sensors enable high-precision monitoring and early warning of core component temperatures, serving as a critical safeguard for cooling systems and stable equipment operation. Current sensors, pressure sensors, and position sensors support power management, cabinet safety, and operations optimization, forming indispensable underlying hardware in AI data centers.

Breakthroughs in embodied AI and accelerating industrialization are also driving demand. Embodied AI depends on high-precision motion control and real-time feedback. Magnetic sensors, leveraging non-contact operation, high sensitivity, and strong interference immunity can amplify, filter, and perform analog-to-digital conversion on minute joint position changes, and, in coordination with the accelerometer and gyroscope within the inertial measurement unit (“IMU”), enable autonomous navigation, dynamic balance, and complex motion control. Under micrometer-level

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precision requirements, a single joint typically requires multiple magnetic sensors together with signal-conditioning circuits to ensure real-time feedback and stable system operation.

Source of Information:

We commissioned Frost & Sullivan to conduct market research on global and China's analog IC industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB500,000 to Frost & Sullivan for compiling the Frost & Sullivan Report.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data and considered the key industry drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating critical market elements investigated during the research phase of the project. These elements primarily include forecasting methodology based on expert opinions, integration of market drivers and restraints, market challenges, market engineering measurement trends and econometric variables.

There has been no adverse change in the market information since December 31, 2025, that may qualify, contradict, or impact the information disclosed.

REGULATORY OVERVIEW

THE PRC LAWS, REGULATIONS AND POLICIES

We are subject to various Chinese laws, rules and regulations that affect many aspects of our business. This section provides an overview of the main Chinese laws, regulations and important policies that we consider to be relevant to our business and operations.

MAJOR REGULATORS

Our implementation of business activities within the industry are mainly supervised and managed by the Ministry of Industry and Information Technology of the People's Republic of China (the “**MIIT**”). The MIIT is responsible for the national industrialization and informatization, formulating and organizing the implementation of industrial planning, industrial policies and standards, monitoring the daily operation of the industries, and promoting the development and independent innovation of major technology.

LAWS AND REGULATIONS RELATING TO ESTABLISHMENT OF COMPANIES AND FOREIGN INVESTMENT

In accordance with the Company Law of the PRC (中華人民共和國公司法) promulgated by the Standing Committee of the National People's Congress (the “**SCNPC**”) on December 29, 1993, last amended on December 29, 2023 and implemented as of July 1, 2024, the Law applies to the establishment, operation and administration of domestic companies and foreign-invested enterprises in the PRC; where the laws regarding foreign investment provide otherwise, such provisions shall prevail.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法) (the “**FIL**”) promulgated by the NPC, and the Implementation Regulations for 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 for FIL**”), promulgated by the State Council, are the principal laws and regulations governing foreign investment in the PRC. Pursuant to the FIL and the Implementation Regulations for FIL, the PRC adopts a foreign investment administration system of national treatment plus negative list management. Foreign investment and domestic investment in industries outside the scope of the Negative List issued or approved by the State Council shall be treated equally.

The Measures on Reporting of Foreign Investment Information (外商投資信息報告辦法) was released by the Ministry of Commerce of the PRC (the “**MOFCOM**”) and the State Administration for Market Regulation (the “**SAMR**”) on December 30, 2019, and became effective on January 1, 2020. Foreign investors directly or indirectly conducting investment activities within the territory of China shall submit the investment information through submission of initial reports, change reports, deregistration reports, annual reports etc. to the competent commerce authorities in accordance with the measures.

Investment activities in the PRC by foreign investors were principally governed by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2024 version)(外商投資准入特別管理措施(負面清單)(2024年版))(the “**Negative List**”), and the Catalog of Industries for Encouraging Foreign Investment (鼓勵外商投資產業目錄(2025年版))(the “**Encouraging List**”) promulgated by the MOFCOM and the National Development and Reform Commission (the “**NDRC**”) in December 2025. The Negative List, which came into effect on November 1, 2024, sets out special administrative measures (restricted or prohibited) in respect of the access of foreign investments in a centralized manner, and the Encouraging List, which came into effect on February 1,

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2026, sets out the encouraged industries for foreign investment. The Negative Lists cover 11 industries, and any field not falling in the Negative Lists shall be administered under the principle of equal treatment for domestic and foreign investment. Our business as currently conducted does not fall within the confines of the Negative Lists and is not subject to special administrative measures.

POLICIES RELATING TO THE INTEGRATED CIRCUIT INDUSTRY

In June 2014, the State Council of the PRC (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 IC industry is to reach an advanced international standard in the major links of the IC 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 IC design industry, centering on key areas of the industry chain, strengthening IC design, software development, system integration, content and service collaborative innovation, and driving the development of the manufacturing industry with the rapid growth of the design sector.

In November 2016, the State Council promulgated the “Notice on the Issuance of the Development Plan for the Nation’s Strategic Emerging Industries under the ‘13th Five-Year’ Plan” (關於印發「十三五」國家戰略性新興產業發展規劃的通知), with a view to initiate the major productivity layout and planning project for ICs, and implement a series of high-impact projects to drive rapid leaps in industrial capabilities, as well as accelerate the construction of production lines for advanced manufacturing processes, storage devices and specialty technologies, enhance the design and development capability and application level of key products such as safe and reliable CPUs, ADC/DAC chips and digital signal processing chips, and promote the rapid development of industries such as packaging and testing, key equipment and materials.

In November 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), encouraging 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 IC industries, and encourage relevant enterprises to accelerate the development and application of industrial Internet.

In July 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 IC 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.

In March 2021, the NPC approved 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), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of ICs, aerospace

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equipment, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment.

In December 2021, the State Council promulgated the Circular of “14th Five-Year Plan” for the Development of Digital Economy (“十四五” 數字經濟發展規劃的通知), which clarified that 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, ICs, NEVs, AI, and industrial Internet should be improved.

In December 2023, the NDRC promulgated the “Industrial Structure Adjustment Guidance Catalog (2024 Edition)” (產業結構調整指導目錄(2024年本)) (the “**Catalog**”), which stated ICs was categorized as information industry, the 28th in the first category of Encouragement Catalog. The industry of main business of the Company is IC design (I6520), which was categorized as the first category and the Encouraged Project of the Catalog.

LAWS AND REGULATIONS RELATING TO CYBERSECURITY, DATA SECURITY AND PRIVACY PROTECTION

Pursuant to the National Security Law of the PRC (中華人民共和國國家安全法) issued by the SCNPC on and effective from July 1, 2015, the term “national security” is defined as “the status of national regime, sovereignty, unity and territorial integrity, people’s well-being, sustainable economic and social development, and other major national interests that are relatively safe and free from any internal and external threat, as well as the ability to ensure continuous security”. The state shall establish the rules and mechanisms for national security review and supervision, and conduct national security review of foreign investment, particular materials and key technologies, network information technology products and services that affect or may affect national security, construction projects that involve national security matters, and other major matters and activities to effectively prevent and resolve national risks.

The Administrative Measures for the Graded Protection of Information Security (信息安全等級保護管理辦法), which were jointly issued and implemented by the Ministry of Public Security, the National Administration of State Secrets Protection, the State Cipher Code Administration and the Informatization Office of the State Council (now revoked) on June 22, 2007, divide the security protection of information systems into five grades based on the degree of harm caused by the destruction of such information system to the legitimate rights and interests of citizens, legal entities and other organizations, public order of the society, other public interests and national security. It further requires the operators of information systems ranking Grade II or above to file an application with the local competent public security authorities within 30 days from the date when its security protection grade is determined, or its information system starts operation.

According to the Cybersecurity Law of the PRC (中華人民共和國網絡安全法) promulgated by the SCNPC on November 7, 2016 ,last revised on October 28, 2025, and became effective on January 1, 2026, network operators who build, operate or provide services through networks shall take

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technical measures and other necessary measures according to laws, administrative regulations and compulsory 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. Network operators are subject to various security protection-related obligations, including: (i) complying with security protection obligations in accordance with tiered cybersecurity system's protection requirements, which include formulating internal security management systems and operation instructions, appointing responsible personnel for cybersecurity, adopting technical measures to prevent computer viruses and cybersecurity endangering activities, adopting technical measures to monitor and record network operation status and events relating to cybersecurity, taking data security measures such as data classification, backups and encryption; (ii) formulating cybersecurity emergency response plans, timely handling of security risks, initiating emergency response plans, taking appropriate remedial measures and reporting to regulatory authorities in case of any incident endangering cybersecurity; and (iii) providing technical assistance and support for public security authorities and national security authorities for protection of national security and criminal investigations in accordance with applicable laws.

Pursuant to the Data Security Law of the PRC, which was promulgated by the SCNPC on June 10, 2021 and came into effect on September 1, 2021, the state shall establish a data classification and tiered protection system to implement categorized and tiered safeguards for data. Entities carrying out data processing activities shall establish a sound data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security, in accordance with the provisions of laws and regulations.

The PRC Civil Code (中華人民共和國民法典)(the “**Civil Code**”), which was promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, stipulates that the personal information of a natural person shall be protected and provides main legal basis for privacy and personal information infringement claims. On August 20, 2021, the SCNPC promulgated the PRC Personal Information Protection Law (中華人民共和國個人信息保護法) which became effective on November 1, 2021. The PRC Personal Information Protection Law mandates that personal information processors fulfill various personal information protection obligations, including, among others, (i) informing the individuals of the rules and purposes of personal information processing, impacts of personal information processing and how the individual can exercise their rights, (ii) obtaining consents from individuals for personal information processing or having other applicable legal basis to process personal information, (iii) establishing internal policies and procedures in terms of personal information processing and taking appropriate technical measures, (iv) providing channels for individuals to exercise their personal information rights and respond to their requests; and (v) conduct personal information protection impact assessment under certain personal information processing activities.

According to the Cybersecurity Review Measures, which were jointly promulgated by the Cyberspace Administration of China and several PRC regulatory authorities on December 28, 2021, and came into force on February 15, 2022, purchases of network products and services by critical information infrastructure operators and data processing activities by network platform operators, which affect or may affect national security, shall be subject to a cybersecurity review. Network platform operators possessing the personal information of more than 1 million users who intend to list abroad must apply to the Cybersecurity Review Office for a cybersecurity review. Where any member of the Cybersecurity Review working mechanism believes that the network products and services and data processing activities affect or may affect national security, the Cybersecurity Review Office shall

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report to the Central Cyberspace Affairs Commission for approval under procedures, and then conduct the review in accordance with relevant regulations.

On March 22, 2024, the CAC issued the Provisions on the Promotion and Regulation of Cross-border Data Flows (促進和規範數據跨境流動規定). According to these provisions, the transfer of data collected and generated during specific activities such as international trade, cross-border transport, transnational manufacturing, and marketing, which do not involve personal information or important data, is exempted from the requirements to undergo data export security assessment, the need to enter into standard contracts for the transfer of personal information abroad, or obtaining personal information protection certification. These provisions also stipulate that, if a data processor, who is not a critical information infrastructure operator, transfers personal information of less than 100,000 individuals cumulatively as of January 1 of the current year, it may be exempted from the requirement to undergo a data export security assessment, entering into a standard contract for transferring personal information abroad, or obtaining personal information protection certification.

On September 24, 2024, the State Council promulgated the Regulations on the Security Management of Network Data (網絡數據安全管理條例), or the Network Data Regulations, which came into effect on January 1, 2025. The Network Data Regulations provide detailed implementing rules and guidance on various aspects of data compliance requirements under the existing data protection framework pillars of the PRC Cybersecurity Law, the PRC Data Security Law and the PRC Personal Information Protection Law. The Network Data Regulations supplement the requirements on several aspects of the PRC Personal Information Protection Law regarding notification, consent, and the exercise of data subject right, provide more detail on compliance requirements for processors of important data, and also provide more guidance to streamline cross-border data transfers.

On December 8, 2022, the MIIT promulgated the Administrative Measures for Data Security in Industry and Information Technology Sectors (for Trial Implementation) (工業和信息化領域數據安全管理辦法(試行)), or the Data Security Measures, which became effective on January 1, 2023. The data processors in the industry and information technology sectors are required by the Data Security Measures to establish a full life-circle data security management systems, designate data security management personnel, reasonably manage operation authorization and formulate responses plan and conduct emergency drills and relevant trainings.

LAWS AND REGULATIONS RELATING TO OUTBOUND DIRECT INVESTMENT

Pursuant to the Measures for the Administration of Overseas Investment (境外投資管理辦法) which was issued by the MOFCOM on September 6, 2014 and came into effect on October 6, 2014, outbound investment by enterprises is subject to approval or filing administered by MOFCOM and its provincial counterparts. Investment in sensitive countries, regions or industries requires approval; all other outbound investment is subject to filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by the NDRC on December 26, 2017 and came into effect on March 1, 2018, the investing activities of enterprises in Chinese Mainland such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects involving

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sensitive countries, regions or sectors are subject to NDRC approval. Non-sensitive projects are subject to filing: those with Chinese Mainland investment of US\$300 million or above are filed with NDRC, while those below such threshold are filed with provincial counterpart of the NDRC.

Pursuant to the Notice on Further Simplify and Enhance Foreign Exchange Policy on Direct Investment (關於進一步簡化和改進直接投資外匯管理政策的通知) issued by the State Administration of Foreign Exchange (the “SAFE”) on February 13, 2015 and implemented on June 1, 2015, to cancel the administrative approval for foreign exchange registration for foreign direct investment and grant banks the rights to directly review and handle foreign exchange registration for foreign direct investment. The SAFE and its branches shall carry out indirect supervision over foreign exchange registration for overseas direct investment through the banks.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

According to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on January 22, 1987 and last revised on April 29, 2021, unless otherwise stipulated, 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. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on May 12, 1994, last revised on December 27, 2025, and became effective on March 1, 2026, 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, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods.

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 on November 19, 2021 and became effective on January 1, 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (the “**Patent Law**”) (中華人民共和國專利法) promulgated by the SCNPC on March 12, 1984, last revised on October 17, 2020 and effective from June 1, 2021, and the Implementation Rules of the Patent Law of the PRC (中華人民共和國專利法實施細則) promulgated by the State Council on June 15, 2001, last revised on December 11, 2023 and effective from January 20, 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or

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individual may exploit the patent without the permission of the patentee; after the granting of a design patent, no entity or individual shall, without permission of the patentee, exploit the patent, that is, they shall not make, promise to sell, sell, or import the product incorporating its or his patented design, for production and business purposes.

Trademark

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) promulgated by the SCNPC on August 23, 1982, last revised on April 23, 2019 and effective on November 1, 2019, and the Regulation on the Implementation 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, last revised on April 29, 2014 and effective on May 1, 2014, trademarks approved and registered by the Trademark Office are registered trademarks, and the trademark registrant shall have the exclusive right to use the trademark, which is protected by law. The validity period of a registered trademark is 10 years, counting from the date of approval of registration.

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on September 7, 1990, last revised on November 11, 2020 and effective on June 1, 2021, and the Implementation Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on August 2, 2002, last revised on January 30, 2013 and effective on March 1, 2013, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, shall enjoy copyright in accordance with law. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. A copyright holder shall enjoy a number of personal and property rights, including the right of publication, the right of authorship and the right of amendment.

According to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on December 20, 2001, last revised on January 30, 2013 and effective on March 1, 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration of the PRC on February 20, 2002, Chinese citizens, legal persons or other units shall enjoy the copyright for software they develop, regardless of whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on December 31, of the fiftieth year after the first publication of the software.

Design of IC Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路布圖設計保護條例) (the “**Regulations on the Protection**”) issued by the State Council on April 2, 2001, and effective from October 1, 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. 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, starting from the date of application for registration of

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the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

Domain Names

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on August 24, 2017, which came into effect on November 1, 2017, the MIIT is responsible for the supervision and management of China's domain name services. No organization or individual shall impede the safe and stable operation of the Internet domain name system.

LAWS AND REGULATIONS ON PRODUCT LIABILITY

Pursuant to the PRC Product Quality Law (中華人民共和國產品質量法) latest amended by the SCNPC on December 29, 2018, a manufacturer is prohibited from producing or selling products that do not meet applicable standards and requirements for safeguarding human health and ensuring human and property safety. Products must be free from unreasonable dangers threatening human and property safety. Where a defective product causes personal injury or property damage, the aggrieved party may make a claim for compensation from the manufacturer or the seller of the product. Manufacturers and sellers of non-compliant products may be ordered to cease the production or sale of the products and could be subject to confiscation of the products and fines. Earnings from sales in violation of such standards or requirements may also be confiscated, and in severe cases, an offender's business license may be revoked.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION AND FIRE PREVENTION

Environment Impact Assessment

According to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989, last revised on April 24, 2014 and implemented as of January 1, 2015, and the Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法) last revised and implemented by the SCNPC as of December 29, 2018, for any construction projects that have an impact on the environment, an entity is required to produce either a report, or a statement, or a registration form of such environmental impacts depending on the seriousness of effect that may be exerted on the environment.

According to the Administrative Regulations on the Environmental Protection of Construction Project (建設項目環境保護管理條例), promulgated by the State Council on November 29, 1998 and amended on July 16, 2017, upon completion of construction for which an environmental impact report or environmental impact statement is formulated, the constructor shall conduct an acceptance inspection of the environmental protection facilities pursuant to the standards and procedures stipulated by the environmental protection administrative authorities of the State Council, formulate the acceptance inspection report, and announce the acceptance inspection report pursuant to the law except for circumstances where there is a need to keep confidentiality pursuant to the provisions of the State. Where the environmental protection facilities have not undergone acceptance inspection or do not pass acceptance inspection, the construction project shall not be put into production or use.

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Completion and Acceptance

The Interim Measures for Acceptance of Environmental Protection upon Completion of Construction Projects (建設項目竣工環境保護驗收暫行辦法), which is promulgated and implemented by the former Ministry of Environmental Protection (now the Ministry of Ecology and Environment) on November 20, 2017, regulates the procedures and standards for environmental protection independent acceptance by construction units upon the completion of construction projects.

Water Pollution and Pollutant Discharge

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version)(固定污染源排污許可分類管理名錄(2019年版)) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

Fire Protection Design Approval and Filing

The Fire Prevention Law of the PRC (中華人民共和國消防法) (the “**Fire Prevention Law**”) was adopted on April 29, 1998 and latest amended on April 29, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, the Emergency Management Authority of the State Council and its local counterparts at or above county level shall monitor and administer the fire prevention affairs. The Fire and Rescue Department of the People’s Government are responsible for implementation. The Fire Prevention Law provides that the fire prevention design or construction of a construction project must conform to the national fire prevention technical standards (as the case may be). According to the Interim Provisions on the Administration of Fire Protection Design Review and Final Inspection of Construction Projects (建設工程消防設計審查驗收管理暫行規定), issued by the Ministry of Housing and Urban-Rural Development on August 21, 2023 and effective on October 30, 2023, special construction projects as defined under such Interim Provisions shall conduct fire protection design review and fire protection final inspection, construction projects other than such special construction projects shall fill acceptance of the project with competent authority.

LAWS AND REGULATIONS RELATING TO REAL ESTATES

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, latest amended on August 26, 2019 and became effective on January 1, 2020, Registration of the ownership and the right to the use of land shall be governed by the laws and administrative regulations relating to real estate registration and the legally registered ownership and right to the use of land shall be protected by law and may not be infringed upon by any entities or individuals.

Pursuant to the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), which was promulgated by the SCNPC on July 5, 1994, was last revised on August 26, 2019 and came into effect on January 1, 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

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According to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and came into effect on February 1, 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. In the case of a violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

According to the Civil Code, failure of the parties to the lease contract to complete the formalities for registration in accordance with the laws and administrative regulations shall not affect the validity of the contract.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) last revised by the SCNPC on December 29, 2018 and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) last revised by the SCNPC on December 28, 2012 and came into effect on July 1, 2013, a labor contract shall be concluded when a labor relationship is established. Employers shall establish and improve labor rules and systems in accordance with the law to safeguard employees' labor rights and fulfillment of labor obligations.

In accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) last revised and put into effect by the SCNPC on December 29, 2018, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) last revised and put into effect by the State Council on March 24, 2019, the social insurance system has been established for basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Enterprises shall register social insurance with the local social insurance agency and participate in social insurance. Enterprises and employees shall pay their social insurance premiums in full and in a timely manner.

In accordance with the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) which was last revised and put into effect by the State Council on March 24, 2019, enterprises shall register at the housing provident fund management center to pay housing provident funds and open housing provident fund accounts for their employees. Enterprises are required to pay housing provident funds on behalf of their employees in full and in a timely manner.

Pursuant to the Interpretation II of the Supreme People's Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) enacted by the Supreme People's Court on July 31, 2025 and implemented on September 1, 2025, any agreement between an employer and an employee for the non-payment of social insurance or any employee undertaking to waive such payment shall be determined as void by the people's court. The Company has not entered into any agreement with the relevant employees to waive such payment.

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LAWS AND REGULATIONS ON TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax (the “EIT”) Law (企業所得稅法) promulgated by the NPC on March 16, 2007, which was revised on February 24, 2017 and December 29, 2018, and the Regulations on the Implementation of the EIT Law of the PRC (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and the latest revision will be on December 6, 2024, the “resident enterprises” are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China. The rate of enterprise income tax shall be 25%; the high-tech enterprises that need key support from the PRC government will enjoy a tax rate reduction to 15% for EIT.

In December 2020, the Ministry of Finance, the General Administration of Taxation, the NDRC, and the MIIT jointly released the “Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry”, key IC design enterprises and software enterprises encouraged by the state are exempted from enterprise income tax for the first to fifth years starting from the profit-making year, and are subject to a reduced enterprise income tax rate of 10% in the succeeding years.

Value-added Tax

Pursuant to the Value-Added Tax Law of the PRC (中華人民共和國增值稅法), promulgated by the NPCSC on December 25, 2024, came into effect on January 1, 2026 and simultaneously repealed the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), all entities and individuals (including individual industrial and commercial households) that sell goods, services, intangible assets, immovables or import goods in the PRC shall be VAT taxpayers and pay VAT in accordance with the law. Unless otherwise provided for by the state, the VAT rate is 13% for the sale of goods, processing, repair and maintenance services, and leasing services of tangible movables; 9% for the sale of transportation, postal, basic telecommunications, construction and immovable leasing services, sale of immovables, the transfer of land use rights, and the sale or import of prescribed goods; and 6% for the sale of other services and intangible assets. The VAT rate for exported goods is zero, unless otherwise provided for by the State Council.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Administrative Regulations on Foreign Exchange of the PRC (中華人民共和國外匯管理條例), which was promulgated by the State Council on January 29, 1996 and was amended and implemented on August 5, 2008, domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange administration department of the State Council.

According to the Guidelines for Foreign Exchange Operations under the Capital Account (2024 Edition) (資本項目外匯業務指引 (2024年版)), promulgated by State Administration of Foreign Exchange (the “SAFE”) on April 3, 2024, and came into effect on May 6, 2024, for domestic companies listed overseas, the raised funds shall in principle be repatriated to China in a timely manner in either Renminbi or foreign currency. The use of such funds shall be consistent with the content of

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the public disclosure documents such as this Document, corporate bonds issuance documents, circulars to shareholders and resolutions of board of directors and shareholders' meetings. Domestic companies utilizing funds raised overseas for overseas direct investment, overseas securities investment, or cross-border lending shall comply with the relevant foreign exchange regulations.

Pursuant to the Notice on Issues Concerning Capital Management for Overseas Listing of Domestic Enterprises (關於境內企業境外上市資金管理有關問題的通知), jointly promulgated by the People's Bank of China and the SAFE on December 26, 2025 and will come into effect on April 1, 2026, a domestic enterprise shall complete the registration with the competent banks within 30 working days after the date of its initial overseas listing or the completion of the over-allotment. In principle, the proceeds raised shall be repatriated in a timely manner. Domestic shareholders that increase or reduce their overseas shareholdings shall also comply with the relevant registration and account management requirements.

LAWS AND REGULATIONS RELATING TO THE ISSUANCE AND LISTING OF SECURITIES OVERSEAS BY DOMESTIC ENTERPRISES

On February 17, 2023, the CSRC promulgated the Overseas Listing Regulations and related guidelines, which came into effect on March 31, 2023. Pursuant to the Overseas Listing Regulations, the PRC domestic companies (whether conducting overseas securities offerings/listings directly or indirectly) shall complete the filing formalities with the CSRC within three working days after submitting an initial public offering or listing application to the overseas regulatory authority. Non-compliance (such as failing to complete filings, concealing material facts or forging filing documents) may result in administrative penalties (including orders to rectify, warnings and fines) being imposed on the company, as well as its controlling shareholders, actual controllers and directly responsible persons-in-charge.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定), which was jointly issued by the CSRC together with other relevant authorities on February 24, 2023 and became effective on March 31, 2023, where a domestic enterprise provides 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 Chinese Mainland 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 Chinese Mainland. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

LAWS AND REGULATIONS RELATING TO PRC SANCTIONS REGIME

On June 10, 2021, the SCNPC promulgated the Anti-Foreign Sanctions Law (中華人民共和國反外國制裁法). It is the governing law of China's sanctions regime, and its main purpose is to counteract "foreign discriminatory restrictive measures" imposed by foreign governments that infringe on China's national security and the lawful rights and interests of Chinese citizens and organizations.

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On January 9, 2021, the MOFCOM introduced the Rules on Counteracting Unjustified Extraterritorial Application of Foreign Laws and Measures (the “**Blocking Rules**”) (阻斷外國法律與措施不當域外適用辦法). As indicated in Article 2, the Blocking Rules aims to block the unjustified extraterritorial application of foreign laws and measures that prohibit or restrict transactions between Chinese persons and third country persons.

On September 19, 2020, the MOFCOM issued the Provisions on the Unreliable Entity List(不可靠實體清單規定). According to Article 2 of the Provisions, foreign entities may be placed on the Unreliable Entity List for the following reasons: 1) endangering the national sovereignty, security or development interests of China; 2) suspending normal transactions with Chinese companies, organizations and individuals, or applying discriminatory measures against them in violation of normal market transaction principles, thereby causing serious damage to the lawful rights and interests of Chinese persons.

LAWS AND REGULATIONS RELATING TO U.S. EXPORT CONTROLS, SANCTIONS AND INVESTMENT POLICIES

U.S. EXPORT CONTROLS

Pursuant to the Export Administration Act of 1979 and the Export Control Reform Act of 2018, the Export Administration Regulation (the “**EAR**”) governs the export, reexport, and in-country transfer of items subject to the EAR. Items subject to the EAR include all items in the United States, all U.S. origin items wherever located, and certain non-U.S. made items pursuant to de minimis rule and foreign direct product rule. Any persons may not, without a license, knowingly export, reexport, or transfer (in-country) any item subject to the EAR to an embargoed country/region, an end user or end use that is prohibited by part 744 of the EAR.

U.S. SANCTIONS

Under the authorities granted by the International Emergency Economic Powers Act and the Trading with the Enemy Act, the U.S. President can create and enforce sanctions programs through Executive Orders to deal with any unusual and extraordinary threat to the national security, foreign policy, or economy of the United States. In practice, the Office of Foreign Assets Control (the “**OFAC**”) under the Department of the Treasury is tasked with implementing and enforcing sanctions measures in accordance with relevant Executive Orders. Currently, Iran, North Korea, Cuba, the Crimea Region, Luhansk Region and Donetsk Region are subject to comprehensive sanctions imposed by the U.S. government. Besides comprehensive sanctions against certain countries, the U.S. government also imposes sanctions on certain individuals or entities for endangering the national security and foreign policy of the U.S. The main sanctions lists administered by OFAC (and other departments, e.g. Department of Defense) include the Specially Designated Nationals List (“**SDN List**”), the Non-SDN Military Industrial Complex List (“**NS-CMIC List**”), and the Chinese Military Companies List (“**CMC List**”).

OUTBOUND INVESTMENT RULE BY THE U.S. DEPARTMENT OF THE TREASURY

On August 9, 2023, the U.S. President issued Executive Order No. 14105, directing the Secretary of Treasury to establish a program to prohibit or require notification of certain types of outbound investments by U.S. persons into certain entities located in or subject to the jurisdiction of countries of concern (currently means China, including Hong Kong and Macau) that are engaged in

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activities in certain sectors (currently include semiconductors and microelectronics, quantum information technologies or AI). On January 2, 2025, the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern became effective (the “**Outbound Investment Rules**”). Under the Outbound Investment Rules, U.S. persons are subject to notification requirements or prohibitions if they engage in “covered transactions” involving “covered foreign persons”.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS AND OPERATIONS IN HONG KONG

Regulations Relating to Business Registration

*Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) (“**BRO**”)*

Every person, (a company or individual), who carries on a business in Hong Kong is required under the BRO to apply for a business registration certificate from the Inland Revenue Department within one month from the date of commencement of the business, and to display a valid business registration certificate at the place of business. Business registration does not serve to regulate business activities and it is not a license to trade. Business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong. Business registration certificate will be issued on submission of the necessary document(s) together with payment of the relevant fee. A business registration certificate is renewable every year or every three years (if business operators elect for issuance of business registration certificate that is valid for three years). Any person who fails to apply for business registration shall be guilty of an offense and shall be liable to a fine of HK\$5,000 and to imprisonment for one year.

Regulations Relating to Sale of Goods

*Sale of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) (“**SOGO**”)*

The SOGO governs the formation, performance and remedies of contract for the sale of goods in Hong Kong and the transfer of title of goods sold. The ordinance also sets out certain implied terms or conditions and warranties generally relating to the safety and suitability of goods supplied under a contract of sale for goods in Hong Kong, including:

- (i) where there is a sale of goods by description, the goods shall correspond with the description;
- (ii) where the seller sells goods in the course of a business, the goods shall be of a merchantable quality, i.e. (a) as fit for the purpose or purposes for which the goods of that kind are commonly bought; (b) of such standard of appearance and finish; (c) as free from defects (including minor defects); (d) as safe; and (e) as durable, as it is reasonable to expect having regard to any description applied to them, the price (if relevant) and all the other relevant circumstances; and
- (iii) where the seller sells goods in the course of a business and the buyer makes known to the seller (whether expressly or by implication) any particular purpose for which the goods are being bought, the goods supplied under the contract shall be reasonably fit for that purpose.

Under section 55 of the SOGO, where there is a breach of warranty by the seller, the buyer is not, by reason only of such breach of warranty, entitled to reject the goods, but he may set up against the seller

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the breach of warranty in diminution or extinction of the price, or maintain an action against the seller for damages for the breach of warranty.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (“TDO”)

Under the TDO, (a) use of false trade descriptions; (b) false, misleading or incomplete information, (c) false marks and misstatements in respect of products, and (d) false trade descriptions in respect of services supplied are prohibited. In addition, the TDO makes certain trade practices criminal offense, namely: (a) misleading omission; (b) aggressive commercial practices; (c) bait advertising; (d) bait and switch; and (e) wrongful acceptance of payment. The TDO also provides for offenses relating to forged trade mark, and falsely applying of trade mark or resembling marks.

Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) (“SSITO”)

Under the SSITO, certain terms are implied in the contracts with customers for the supply of services, including: (a) that the supplier will carry out the service with reasonable care and skill; (b) that the supplier will carry out the service within a reasonable time (if the time of service is not fixed or fixed in a manner agreed); (c) that the party contracting with the supplier will pay a reasonable charge (if the consideration is not determined by the contract or left to be determined in a manner agreed or by course of dealing between the parties).

Unconscionable Contracts Ordinance (Chapter 458 of the Laws of Hong Kong) (“UCO”)

Under the UCO, if the Hong Kong court finds that a contract for sale of goods or supply of services (in which one of the parties deals as consumer) to have been unconscionable in the circumstances relating to the contract at the time it was made, the court may: (a) refuse to enforce the contract; (b) enforce the remainder of the contract without the unconscionable part; (c) limit the application of, or revise or alter, any unconscionable part to avoid unconscionable result.

Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong) (“CECO”)

The CECO limits the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise.

Under section 7 of the CECO, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence. Further, in the case of other loss or damage, a person cannot so exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirement of reasonableness.

Under section 8 of the CECO, as between contracting parties where one of them deals as consumer or on the other’s written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach; (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him; or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness.

Under section 9 of the CECO, a person dealing as consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability

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that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness.

In relation to a contract term, the requirement of reasonableness for the purposes of the CECO is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Misrepresentation Ordinance (Chapter 284 of the Laws of Hong Kong) (“MO”)

The MO imposes a statutory liability for misrepresentation and controls the use of provisions excluding liability for misrepresentation in contracts. Liability may arise under the MO where a party to a contract is induced to enter into that contract by a misrepresentation of a material fact made by the other party. If the action is successful, the party who relied on the misrepresentation will be entitled to rescind the contract. Damages may also be granted if the misrepresentation was made fraudulently or negligently.

Regulations Relating to Importation and Exportation of Goods

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) (the “**Import and Export Ordinance**”) provides for the regulation and control of the import of articles into Hong Kong, the export of articles from Hong Kong, the handling and carriage of articles within Hong Kong which have been imported into Hong Kong or which may be exported from Hong Kong, and any matter incidental to or connected with the foregoing.

The import and export of certain articles are prohibited unless with the relevant licenses issued by the Director-General of Trade and Industry. If the goods to be imported or exported are “prohibited articles” or “reserved commodities” under the Import and Export Ordinance and the Reserved Commodities (Control of Imports, Exports and Reserve Stocks) Regulations (Chapter 296A of the Laws of Hong Kong), shipping companies, airlines and transportation companies are required to deliver within 14 days to the Director-General of Trade and Industry the import/export licenses together with the relevant manifests of the vessel, aircraft or vehicle.

Pursuant to the Import and Export (Registration) Regulations (Chapter 60E of the Laws of Hong Kong), every person who imports/exports any article other than an exempted article shall lodge with the Commissioner an accurate and complete import/export declaration relating to such article using services provided by a specified body, in accordance with the requirements that the Commissioner of Customs and Excise may specify. Every declaration required to be lodged shall be lodged within 14 days after the importation/exportation of the article to which it relates.

Hong Kong is a free port and does not levy any customs tariff on imports and exports.

Regulations Relating to Employment

Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) (“OSHO”)

The OSHO provides for the safety and health protection to employees in workplace, both industrial and non-industrial. Under section 6 of the OSHO, every employer must, so far as reasonably practicable, ensure the safety and health at work of all the employer’s employees by:

- providing and maintaining plant and systems of work that are safe and without risks to health;

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- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant and substances;
- providing information, instruction, training and supervision as may be necessary to ensure the safety and health at work of the employees;
- as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and
- providing or maintaining a working environment for the employees that is safe and without risks to health.

Failure to comply with the above provisions constitutes an offense and the employer is liable on conviction to a fine of HK\$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offense and is liable on conviction to a fine of HK\$200,000 and to imprisonment for six months.

The Commissioner for Labor may serve an improvement notice on an employer against contravention of the OSHO or the FIUO, or a suspension notice against activity or condition or use of workplace or of any plant or substance located on the workplace which may create an imminent risk of death or serious bodily injury to the employees. Failure to comply with a requirement of an improvement notice or contravenes a suspension notice without reasonable excuse constitutes an offense and the employer is liable on conviction to a fine of HK\$200,000 and HK\$500,000, respectively, and to imprisonment for 12 months.

Occupiers Liability Ordinance (Chapter 314 of the Laws of Hong Kong) (“OLO”)

The OLO regulates the obligations of a person occupying or having control of premises on injury resulting to persons or damage caused to goods or other property lawfully on the land. The Occupiers Liability Ordinance imposes a common duty of care on an occupier of premises to take such care as in all the circumstances of the case is reasonable to see that the visitors will be reasonably safe in using the premises for the purposes for which he is invited or permitted by the occupier to be there.

Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (“EO”)

The EO regulates the general conditions of employment and matters connected therein in Hong Kong. It provides for various employment-related benefits and entitlements to employees. All employees covered by the EO, irrespective of their hours of work, are entitled to protection including payment of wages, restrictions on wages deductions and the granting of statutory holidays. Employees who are employed under a continuous contract are further entitled to such benefits as rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Employee's Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (“ECO”)

The ECO establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay

REGULATORY OVERVIEW

compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

According to section 40 of the ECO, all employers are required to take out insurance policy to cover their liabilities both under the ECO and at common law for injuries at work in respect of all employees (including full-time and part-time employees) for an amount not less than the applicable amount specified under the ECO. An employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine at level 6 (currently at HK\$100,000) and to imprisonment for two years, and on summary conviction to a fine at level 6 (currently at HK\$100,000) and to imprisonment for one year.

Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) (“MWO”)

The MWO provides for a prescribed minimum hourly wage rate (as at the Latest Practicable Date, HK\$42.1 per hour) during the wage period for every employee engaged under a contract of employment under the EO (except those specified under section 7 of the MWO). A provision of a contract of employment that purports to extinguish or reduce any right, benefit or protection conferred on the employee by the MWO is void.

Mandatory Provident Fund Scheme Ordinance (Chapter 485 of the Laws of Hong Kong) (“MPFSO”)

The MPFSO provides for, inter alia, the establishment of a system of privately managed, employment related mandatory provident fund schemes for members of the workforce to accrue financial benefits for retirement. Subject to the minimum and maximum relevant income levels, it is mandatory for both employers and their employees to contribute 5% of the employee’s relevant income to the mandatory provident fund scheme. Currently, the minimum and maximum relevant income levels for employees who are paid monthly are HK\$7,100 and HK\$30,000 respectively. Further, employers are obliged to enroll their employees aged 18 to 65 to a Mandatory Provident Fund Scheme within 60 days of his or her employment.

Immigration Ordinance (Chapter 115 of the Laws of Hong Kong) (“IO”)

Generally speaking, under the IO, a person is required to hold a visa/entry permit to work in Hong Kong unless he has the right of abode or right to land in Hong Kong. Section 17I of the IO stipulates that any person who is the employer of an employee who is not lawfully employable commits an offense and is liable to a fine of HK\$350,000 and to imprisonment for three years if the employee is not a prohibited employee, and if the employee is a prohibited employee, to a fine of HK\$500,000 and to imprisonment for 10 years.

Regulations Relating to Taxes

Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (“IRO”)

As our Group carry out business in Hong Kong, the Company are subject to the profits tax regime under the IRO. The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are

REGULATORY OVERVIEW

chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is currently at 8.25% on assessable profits up to HK\$2,000,000; and 16.5% on any part of assessable profits over HK\$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowance for depreciation.

Section 51(1) of the IRO requires every person, upon receipt of a written notice from the Inland Revenue Department, to submit a return within a reasonable time as stated in such notice. In relation to (i) any tax computation containing incorrect information (the “**Incorrect Information**”); and (ii) the filing of tax return containing the Incorrect Information, a person may be subject to prosecution under section 80(2) or 82(1) of the IRO pursuant to which:

- (a) Any person who without reasonable excuse files an incorrect return commits an offense under section 80(2) of the IRO and is liable on conviction to a fine at level 3 (i.e. HK\$10,000) and a further fine of treble the amount of tax which has been undercharged as a result of the incorrect return, statement or information or omission, or would have been so undercharged if the return, statement or information had been accepted as correct or the omission had not been detected.
- (b) Any person who willfully with intent to evade or to assist any other person to evade tax omits from a return any sum which should be included commits an offense under section 82(1) of the IRO is liable:
 - (i) on summary conviction to a fine at level 3 (i.e. HK\$10,000), a further fine of treble the amount of tax which has been undercharged in consequence of the offense or which would have been undercharged if the offense has not been detected and imprisonment for 6 months; and
 - (ii) on indictment to a fine at level 5 (i.e. HK\$50,000), a further fine of treble the amount of tax which has been undercharged in consequence of the offense or which would have been undercharged if the offense has not been detected and imprisonment for 3 years.
- (c) Under sections 80(5) and 82(2) of the IRO, the Commissioner of Inland Revenue may compound any offense in lieu of prosecution.
- (d) Under section 82A of the IRO, any person who without reasonable excuse makes an incorrect return by omitting or understating anything in respect of which he is required to make a return, shall, if no prosecution under section 80(2) or 82(1) has been instituted in respect of the same facts, be liable to be assessed to additional tax of an amount not exceeding treble the amount of tax undercharged as a result of the filing of the incorrect tax return.

Additionally, section 51C of the IRO provides that any person carrying on a trade, profession or business in Hong Kong shall keep sufficient records in the English or Chinese language of his income and expenditure to enable the assessable profits of such trade, profession or business to be readily ascertained and shall retain such records for a period of not less than seven years after the completion of the transactions, acts or operations to which they relate. The section sets out general requirement of records that should be kept. Any person who without reasonable excuse fails to comply with section 51C is liable on conviction to a maximum fine at level 6 (i.e. HK\$100,000).

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Regulations Relating to Data Protection

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“PDPO”)

The PDPO imposes a statutory duty on data users to comply with the requirements of the six data protection principles (the “**Data Protection Principles**”) contained in Schedule 1 to the PDPO. The PDPO provides that a data user shall not do an act, or engage in a practice, that contravenes a Data Protection Principle unless the act or practice, as the case may be, is required or permitted under the PDPO.

The Data Protection Principles are summarized as follows:

- (1) Adequate personal data should be collected (i) for a lawful purpose, which is necessary for and directly related to a function or activity of the data user, (ii) by fair and lawful means. The person whose data is being collected is informed (a) that whether he is obligatory or voluntary for him to supply the data, (b) the purpose of the collection and the class of persons to whom the data may be transferred, (c) on or before, his right to access and correct the data collected and the information of the person who might handle such requests.
- (2) All practicable steps shall be taken to ensure the accuracy of the person data collected, and kept not longer than is necessary.
- (3) Personal data should not be used for the purposes outside of the person’s consent.
- (4) All practicable steps shall be taken to ensure that any personal data held by a data user is protected against unauthorized or accidental access, processing, erasure, loss or use.
- (5) All practicable steps shall be taken to ensure that a person can (a) ascertain a data user’s policies and practices in relation to personal data; (b) be informed of the kind of personal data held by a data user; (c) be informed of the main purposes for which personal data held by a data user is or is to be used.
- (6) A data subject shall be entitled to ascertain whether a data user holds personal data of which he is the data subject and request access to personal data. The data subject should be given reasons if the request is refused and right to object to the refusal.

Contravention with the Data Protection Principles may entitle the Privacy Commissioner for Personal Data to issue a written notice directing the data user to remedy and prevent recurrence of contravention. Contravention with the above notice is an offense and the offender is liable on (a) first conviction to a fine HK\$50,000 and to imprisonment for two years, and if the offense continues after the conviction, to a daily penalty of HK\$1,000; and (b) second or subsequent conviction to a fine at HK\$100,000 and to imprisonment for two years, and if the offense continues after the conviction, to a daily penalty of HK\$2,000. It is a defense to the above offense if the data user shows that he exercised all due diligence to comply with the enforcement notice.

The PDPO also gives data subjects certain rights, inter alia:

- the right to be informed by a data user whether the data user holds personal data of which the individual is the data subject;
- if the data user holds such data, to be supplied with a copy of such data; and
- the right to request correction of any data they consider to be inaccurate.

REGULATORY OVERVIEW

The PDPO criminalizes, including but not limited to, the misuse or inappropriate use of personal data in direct marketing activities, non-compliance with a data access request and the unauthorized disclosure of personal data obtained without the relevant data user's consent. An individual who suffers damage, including injured feelings, by reason of a contravention of the PDPO in relation to his or her personal data may seek compensation from the data user concerned.

Regulations Relating to Intellectual Properties

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)

The Trade Mark Ordinance protects registered trademarks. The duration of the registered trademarks is for ten years, which can be further renewed for ten years per renewal. A registered trade mark may be challenged in revocation proceedings if it is not used in Hong Kong for a continuous period of three years.

A person infringes a registered trade mark if he uses in the course of trade or business a sign:

- (1) which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered;
- (2) which is identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;
- (3) which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or
- (4) which is identical or similar to the well-known trade mark in relation to any goods or services, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Regulations Relating to Anti-money Laundering and Counter-terrorist financing

Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong) (“DTROP”)

Among other things, the DTROP contains provisions for the investigation of assets suspected to be derived from drug trafficking activities, the freezing of assets on arrest and the confiscation of the proceeds from drug trafficking activities by the competent authorities. It is an offense under the DTROP for a person to deal with any property knowing or having reasonable grounds to believe it to represent the proceeds from drug trafficking. The DTROP requires a person to report to an authorized officer if he/she knows or suspects that any property (in whole or in part directly or indirectly) represents the proceeds of drug trafficking or is intended to be used or was used in connection with drug trafficking, and failure to make such disclosure constitutes an offense under the DTROP.

Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) (“OSCO”)

Among other things, the OSCO empowers officers of the Hong Kong Police Force and the Hong Kong Customs & Excise Department to investigate organized crime and triad activities, and confers jurisdiction on the Hong Kong courts to confiscate the proceeds of organized and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of

REGULATORY OVERVIEW

specified offenses under the OSCO. The OSCO extends the money laundering offense to cover the proceeds from all indictable offenses in addition to drug trafficking.

United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong) (“UNATMO”)

Among other things, the UNATMO stipulates that it is a criminal offense to: (1) provide or collect property (by any means, directly or indirectly) with the intention or knowledge that the property will be used to commit, in whole or in part, one or more terrorist acts; or (2) make any property or financial (or related) services available, by any means, directly or indirectly, to or for the benefit of a person knowing that, or being reckless as to whether, such person is a terrorist or terrorist associate, or collect property or solicit financial (or related) services, by any means, directly or indirectly, for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate. The UNATMO also requires a person to disclose his knowledge or suspicion of terrorist property to an authorized officer, and failure to make such disclosure constitutes an offense under the UNATMO.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2007 when the predecessor of the Company, SG Micro Co., Ltd. (聖邦微電子(北京)有限公司), was established under the laws of the PRC. Over the years of development, we have become a leading analog IC company in China.

In May 2012, the Company was converted into a joint stock limited company. In June 2017, our A Shares were listed on the Shenzhen Stock Exchange with the stock code of 300661. As of the Latest Practicable Date, the issued share capital of the Company was RMB621,014,624 comprising 621,014,624 A Shares of nominal value of RMB1.00 each.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2007	Founded in Beijing; Released op amp, analog switch, and LDO.
2008	Released microprocessor supervisory circuit.
2009	Released audio power amplifier, video buffer, and charge-pump boost converter.
2010	Released flash LED driver.
2011	Released white LED driver.
2012	Released DC/DC boost converter and DC/DC buck converter.
2013	Released lithium-battery charger and load switch.
2014	Released level shifter and negative charge-pump converter.
2015	Released OVP IC, dual-channel white LED driver.
2016	Released 5 μ V Vos high precision op amp and highly integrated lithium battery protection IC.
2017	Listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 300661.SZ); Released 1.6 nV/ $\sqrt{\text{Hz}}$ ultra-low noise op amp and LCD & AMOLED display bias power supply ICs.
2018	Released APD power supply for optical modules applications.
2019	Released Delta-Sigma ADC, high-precision DAC, motor driver, and EML bias power supply ICs for 800G optical module.
2020	Released temperature sensor, high precision voltage references, 5V/3A switching lithium battery charger, and TEC drivers for optical module.
2021	Released SAR ADC and 36V instrumentation amplifier; Cumulative shipments exceeded 20 billion units.
2022	Annual revenue exceeded RMB3 billion; Released automotive-grade (AEC-Q100 qualified) precision voltage supervisory with integrated watchdog timer, low-side driver, and buck-boost DC/DC converter.
2023	Number of R&D staff surpassed 1,000; Opened Japan subsidiary; Released pipeline ADC and GaN gate driver.
2024	Opened Germany subsidiary; Passed Siemens ESA WCA Assessment (Grade 1); Released automotive-grade (AEC-Q100 qualified) 32-bit audio DAC and Sub-1G RF power amplifier.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Year	Milestone
2025	Jiangyin testing base put into operation; Released automotive-grade (AEC-Q100 qualified) high-side drivers, 16A eFuse, power management ICs for SSD and AMR-based magnetic encoder; Released integrated power module series; Cumulative automotive-grade products shipments exceeded 100 million units; Total cumulative shipments exceeded 40 billion units.

OUR MAJOR SUBSIDIARY

As of the Latest Practicable Date, SG MICRO (HK) LIMITED, a wholly-owned subsidiary of the Company, was our major subsidiary which had made a material contribution to our results of operation during the Track Record Period. SG MICRO (HK) LIMITED was incorporated in Hong Kong, and primarily engaged in development of semiconductor technology, technology transfer, sales and trade. During the Track Record Period, SG MICRO (HK) LIMITED contributed approximately 20% to the Group's consolidated revenue, with all other subsidiaries each contributing less than 5%.

For further information about the Company's subsidiaries, please refer to Note 1 to the Accountants' Report in Appendix I to this prospectus.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment of the Company

On January 26, 2007, the predecessor of our Company, SG Micro Co., Ltd., was established in Beijing.

Conversion into a Joint Stock Limited Company and Listing on the Shenzhen Stock Exchange

On May 24, 2012, the Company was converted from a limited liability company to a joint stock limited company, with a registered capital of RMB45,000,000.

On June 6, 2017, the Company completed the initial public offering and listing of A Shares on the ChiNext of the Shenzhen Stock Exchange (stock code: 300661) (the "**A-share Offering**"). We offered a total of 15,000,000 A Shares under the A-share Offering. Upon the completion of the A-share Offering, the registered capital of the Company was increased to RMB60,000,000.

Repurchase of A Shares and Capital Increase Relating to the A-share Incentive Schemes

For the purpose to attract, retain and motivate the employees of the Company, and to align the interests of the Company, the Shareholders and the employees of the Company, the Company adopted the A-share Incentive Schemes. As part of the arrangement in relation to the A-share Incentive Schemes, during the period from September 2017 to May 2026, the Company completed rounds of capital increase due to exercise or vesting of options or restricted Shares as well as repurchase and cancellation of restricted Shares due to certain employees' becoming ineligible under the A-share Incentive Schemes. For details of the Share Incentive Plans, see "Appendix VI - Statutory and General Information – Share Incentive Plans."

Capitalization Issue

Our capital reserve was converted into paid-in capital from time to time for the purpose of dividend distribution to our Shareholders. During the Track Record Period and up to the Latest Practicable date,

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

- (i) on June 16, 2023, our capital reserve was converted into paid-in capital on the basis of three new Shares for every 10 Shares, and consequently the Company issued a total of 107,846,485 A Shares to our then existing Shareholders;
- (ii) on June 20, 2025, our capital reserve was converted into paid-in capital on the basis of three new Shares for every 10 Shares, and consequently the Company issued a total of 142,592,409 A Shares to our then existing Shareholders.

CONCERT PARTY ARRANGEMENT

Pursuant to the Concert Party Agreement dated June 10, 2015, as amended and supplemented by the Supplemental Agreement to the Concert Party Agreement dated January 21, 2021, Hongshun Xiangtai (wholly owned by Dr. Zhang), Baoli Hongya (wholly owned by Ms. Zhang), Power Trend (indirectly wholly owned by Ms. Wen Li), Ms. Zhang and Mr. Lin Lin agreed that, among others, for so long as Hongshun Xiangtai remains a Shareholder, they would act in concert with Hongshun Xiangtai in respect of matters related to business decisions, including exercising voting rights at the Shareholders' meetings, the right to submit proposals to the Board and the Shareholders' meetings, and the right to nominate Directors, independent Directors, and supervisors. By virtue of the Concert Party Agreement and the Supplemental Agreement to the Concert Party Agreement, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li directly or indirectly controlled an aggregate of 221,512,150 Shares, representing approximately 35.67% of the voting rights in our Company as at the Latest Practicable Date.

MATERIAL ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, disposals and mergers that we consider to be material to us.

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since the Company's listing on the ChiNext of the Shenzhen Stock Exchange on June 6, 2017 and up to the Latest Practicable Date, we had not received any notice from the Shenzhen Stock Exchange alleging any non-compliance incidents on the part of the Company or our subsidiaries, and we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the Shenzhen Stock Exchange.

Our PRC Legal Adviser is of the view that during the Track Record Period, we have not been subject to any material administrative penalties or regulatory measures imposed by the CSRC or the Shenzhen Stock Exchange.

Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange in any material respects.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Our Company seeks to be listed on the Stock Exchange in order to further advance our globalization strategy, allow better access to the international market, enhance our capabilities to attract more overseas investors and optimize our international brand image, which in turn may further enhance our overall competitiveness.

PUBLIC FLOAT

Rules 8.08 and 19A.13A of the Listing Rules require that there must be an open market in the securities for which listing is sought. Where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must: (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK\$3,000,000,000.

Our A Shares are listed on the Shenzhen Stock Exchange. Immediately following the completion of the Global Offering, the total market value of the H Shares to be held by the public is expected to be above HK\$4,601 million, calculated on the maximum Offer Price of HK\$85.20 per H Share, which is higher than the prescribed expected market value of H Shares required to be held in public hands of not less than HK\$3,000,000,000 under Rule 19A.13A(2)(b) of the Listing Rules, thereby satisfying Rule 19A.13A of the Listing Rules. To the best knowledge and belief of our Directors and on the basis of the current shareholding structure, none of the H Shares is expected to be held by our core connected person, and the 54,001,200 H Shares representing approximately 8.00% of our total issued share capital immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing) will be counted towards the public float, which is higher than the minimum prescribed public float percentage under Rule 19A.13A(2)(b) of the Listing Rules. Based on the above, it is expected that our Company will be able to comply with the public float requirement under Rule 19A.13A(2) of the Listing Rules at the time of Listing.

FREE FLOAT

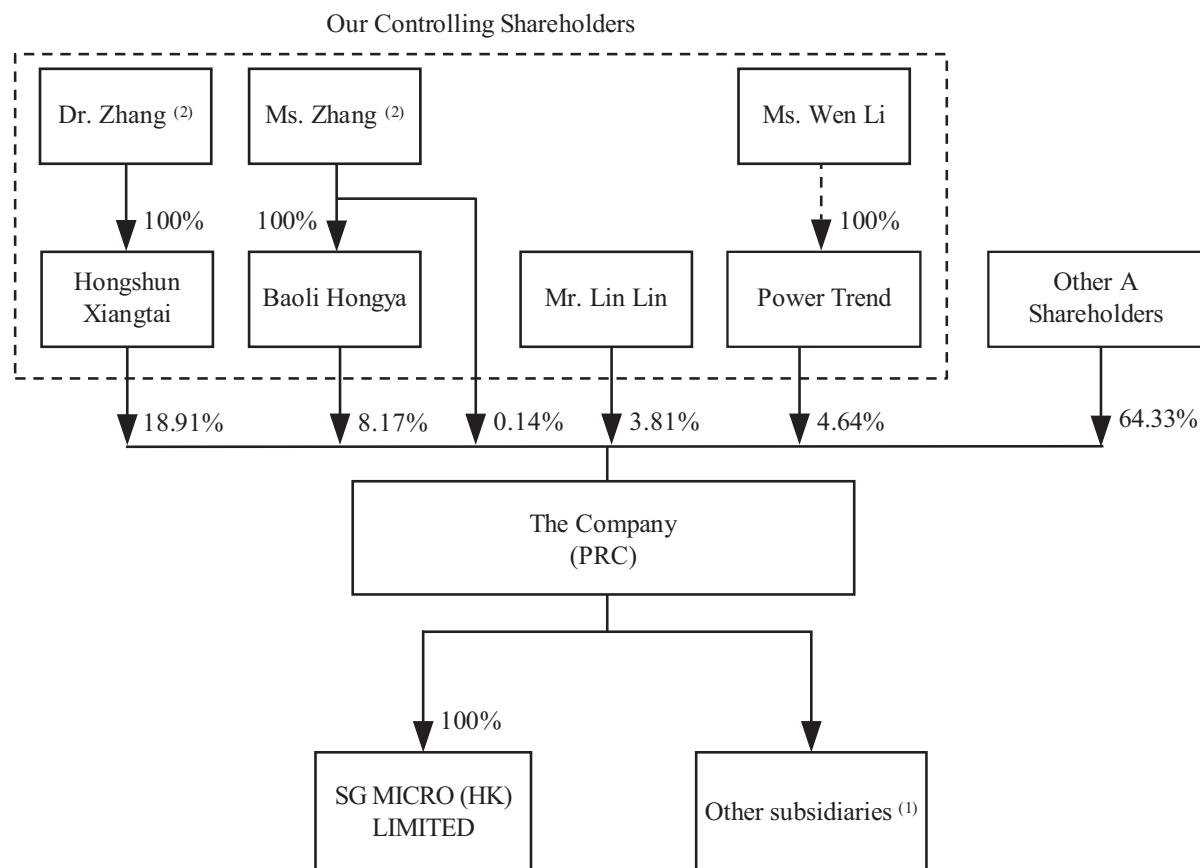
Under Rule 19A.13C of the Listing Rules, a PRC issuer with other listed shares at the time of listing must ensure that the portion of H shares for which listing is sought that are held by the public and that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise) at the time of listing (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of listing (excluding treasury shares), with an expected market value at the time of listing of not less than HK\$50,000,000, or (b) have an expected market capitalization of not less than HK\$600,000,000.

It is expected that immediately following completion of the Global Offering, the market capitalization of the H Shares listed on the Stock Exchange that are held by the public and are not subject to any disposal restrictions at the time of the Listing is not less than HK\$600 million (based on the maximum Offer Price of HK\$85.20 per H Share and assuming the Over-allotment Option is not exercised). Accordingly, our Company will be able to comply with the requirement under Rule 19A.13C of the Listing Rules at the time of Listing.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

The following chart illustrates a simplified shareholding structure of our Group immediately prior to the completion of the Global Offering (assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing):



(1) Our other subsidiaries include two subsidiaries incorporated outside the PRC and 18 subsidiaries incorporated in the PRC. Details of our non-wholly-owned subsidiaries are set out below.

As of the Latest Practicable Date, the Company held 56% equity interest in SHEN AN MICRO CO., LTD. (杭州深諳微電子科技有限公司) and the remaining equity interest was held as to 14.4% by Hangzhou Lixin Enterprise Management Consulting Partnership (Limited Partnership) (杭州勵新企業管理諮詢合夥企業 (有限合夥)), 10% by Harmonious Surpassing Small and medium-sized Enterprise Development Fund (Yixing) Partnership (Limited Partnership) (和諧超越中小企業發展基金 (宜興) 合夥企業 (有限合夥)), 10% by Hangzhou Lixing Enterprise Management Partnership (Limited Partnership) (杭州勵行企業管理合夥企業 (有限合夥)), and 9.6% by Hangzhou Kuangzhi Technology Co., Ltd. (杭州曠志科技有限公司), each an independent third party.

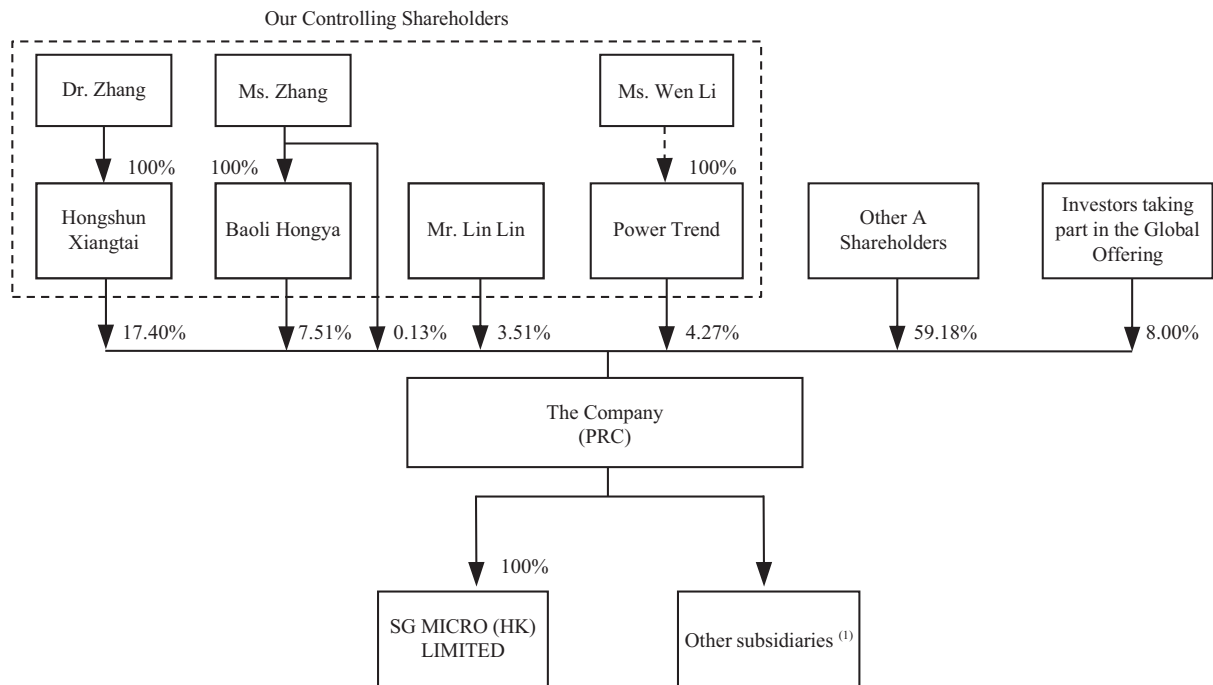
As of the Latest Practicable Date, the Company held approximately 68.9918% equity interest in GANRUI TECH (CHANGZHOU) CO., LTD. (感睿智能科技 (常州) 有限公司) and the remaining equity interest was held as to 22.6872% by GLW Technology Limited (諾虹技術有限公司) and 8.3210% by Changzhou Changfeng Enterprise Management Partnership (Limited Partnership) (常州常豐企業管理合夥企業 (有限合夥)), respectively, both being independent third parties.

As of the Latest Practicable Date, the Company held approximately 77.5418% equity interest in TeraDevices Inc. (上海億存芯半導體有限公司) and the remaining equity interest was held as to 22.4582% by Yuan Qingpeng (袁慶鵬), an independent third party.

(2) Dr. Zhang and Ms. Zhang are cousins.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The following chart illustrates a simplified shareholding structure of our Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing):



(1) Please see the details contained in the preceding pages.

OVERVIEW**Who We Are**

We are a leading analog IC company in China. We design, develop and sell high-performance analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. According to Frost & Sullivan, in terms of revenue in 2025, we ranked first among domestic companies and eighth among global companies in the China analog IC market, representing a market share of 1.8%.

Since our founding in 2007, we have developed a comprehensive and expanding product portfolio that extends the reach of what electronics can achieve. With over 7,200 analog and sensor products spanning 38 categories as of the Latest Practicable Date, we offer system-ready solutions backed by robust design and process capabilities that shorten time-to-market. We deliver analog advances that move customers forward in every generation of their designs and innovations. Having long been core components in end markets such as industrial, networking and consumer electronics, our products are also contributing to broader uptake in applications across EVs, data centers, robotics, renewable energy and next-generation consumer devices.

Our Products

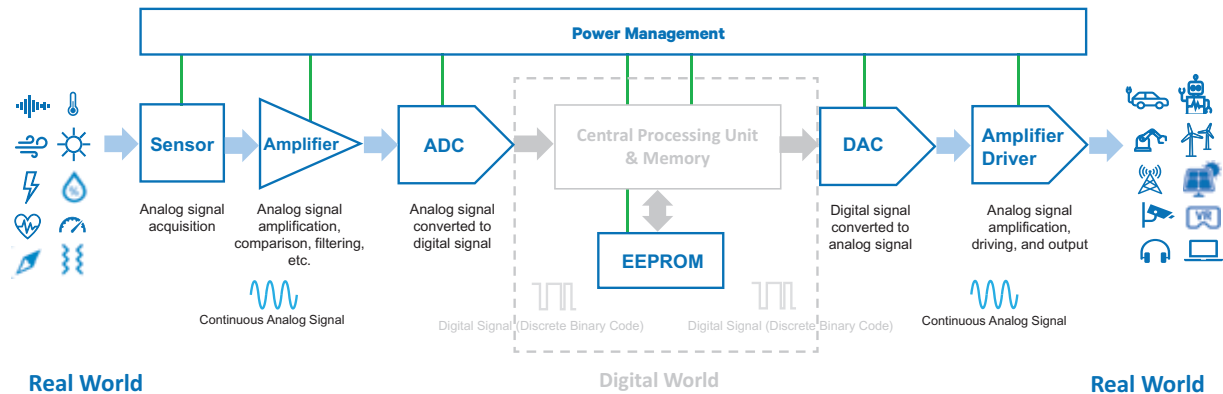
We offer a wide, differentiated portfolio of general-purpose and application-optimized analog products, encompassing signal chain and power management, the twin pillars of our product matrix that define our role as a major provider of analog ICs in China.

Our signal chain ICs help electronic devices interpret the physical world. They take signals that come from sensors and prepare them for digital processing. Our signal chain ICs capture, condition and amplify signals from the physical world and convert them into digital data with high accuracy. Our products maintain data integrity from the point of acquisition to the final output, which is important for applications that require precise measurement, low noise and minimal error.

Our power management ICs control how energy is delivered within an electronic device. They determine how much power each part of a device receives, convert power into the levels required by different components and distribute power safely through the system. They also guard against issues such as surges or irregular power flow. By keeping power steady and well regulated, these products help systems operate reliably and use energy efficiently.

Complementing our analog portfolio, we also provide a specialized range of sensors that mark the entry point of connection between the real and digital worlds, delivering high-precision measurement and monitoring of key environmental and physical parameters.

The following diagram illustrates the signal chain, power management and sensor within a simplified electronic system:



Block Diagram of Main Components in Electronic Systems

Our leadership in product offerings rests on several core strengths:

- A Comprehensive, Expanding Portfolio.** We provide customers with a breadth of differentiated analog ICs and sensors engineered to work cohesively out-of-the-box, simplifying component selection and system-level architecture decisions. Among over 7,200 products, (i) 19 categories are signal chain products that cover the entire signal path from acquisition and conditioning to conversion and transmission, including amplifiers, comparators, analog switches, data converters and EEPROM, (ii) 17 categories are power management products, such as DC/DC converters, LDOs, AMOLED power supply ICs and lithium battery charging and protection ICs, and (iii) two categories are sensors, including temperature sensors and magnetic sensors. With an agile, customer-centric innovation cycle, we maintain a rapid product rollout cadence, launching approximately 3,400 new products during the Track Record Period and up to the Latest Practicable Date.
- Forward-Leaning Analog Design.** Our product development strategy focuses on differentiated solutions that address critical gaps in high-performance analog markets, particularly in applications requiring high voltage tolerance, high integration and novel power delivery architectures. According to Frost & Sullivan, we have introduced a series of analog products in China that advance performance, efficiency and system-level capability, such as a 60nA ultra-low quiescent current synchronous buck converter, an ultra-low-noise op amp with an input voltage noise density of 1.6 nanovolts per square root hertz, an 18-bit SAR ADC with a sampling rate of 2 MSPS and an SNR of 99 decibels, a high-accuracy TEC controller and EML bias power supply.
- High-Integrity Analog Performance.** Our analog innovations achieve high precision, minimal noise, high-speed response and low power consumption for high-performance and high-reliability systems. They maintain consistent accuracy across wide operating conditions, protect signal integrity in sensitive applications and respond swiftly to time-critical operations. Engineered for energy efficiency, our analog products achieve peak performance with minimal power draw, making them ideal for demanding applications.
- System-Level Cost Optimization.** Our products are optimized beyond mere datasheet specifications to deliver lower total cost of ownership. We achieve this through premium quality, inherent reliability and long lifecycle support, reducing the need for over-design and mitigating field failure risks.

Our Technology

Our technological edge derives from proprietary R&D in advanced circuit design and process technologies, driving analog breakthroughs in signal and power integrity as well as system reliability and safety across diverse applications.

- **Solid Design Capabilities.** Our design strengths deliver strong performance in high-performance signal conditioning, efficient power management and advanced sensor solutions to power next-generation electronic systems. The signal conditioning suite spans high-precision, low-noise, high-speed, high-voltage and low-power analog functions, delivering high fidelity and rapid responsiveness. In power management, we provide battery charging and protection, display power and driver ICs, and high-efficiency DC/DC and LDO products engineered for minimal quiescent current and compact footprints. For example, our 60nA ultra-low quiescent current DC/DC converter and 250nA ultra-low quiescent current LDO, together with sub-millimeter LDO (0.63mm×0.63mm) and op amp and comparator (0.8mm×0.8mm) exemplify leading low-power, high-efficiency and miniaturized analog design, enabling precise performance in space- and energy-constrained applications. We elevate the standard of analog integration with 2mm×2mm power modules that integrate an inductor, capacitor and DC/DC converter to deliver outstanding power efficiency in a minimal footprint. Our sensor technologies, including high-sensitivity magnetic and high-precision temperature sensors, integrate signal processing, flexible output interfaces and built-in calibration to deliver accuracy, stability and operational robustness in rigorous environments.
- **Proprietary Process Technology.** We believe our proprietary process technology is a strategic asset. By adapting foundry process recipes, we have developed processes that deliver higher performance than standard flows, aligning with our broad product portfolio and enabling us to serve diverse applications and markets without being tied to a single process. We operate under a fabless model integrating our proprietary process expertise into the standard fabless model. By fine-tuning key parameters across performance, yield and cost, our products achieve the stringent requirements of precision-driven applications, delivering high-level performance and improved power efficiency while scaling efficiently from prototyping to high-volume manufacturing.
- **Vast IP Repertoire.** We have developed an extensive suite of analog products leveraging proprietary IP and process technologies. For instance, we hold a patent for the SIMO topology for power management ICs and AMOLED displays, delivering multiple supply voltages from a single inductor with high efficiency, a reduced board footprint and lower power dissipation. As of December 31, 2025, in China and overseas, we had 588 granted patents, including 497 invention patents, and 401 IC layout design registrations.

Our Demand-Driven Go-to-Market Strategy

We leverage a land-and-expand model that deepens customer engagement through repeated design wins across customer systems. Our early involvement during customer design-in cycles allows us to establish technical credibility and commercial trust before securing design-win status. We maintain disciplined, iterative processes for need capture and requirements translation, which enable us to accurately interpret nuanced customer demands into precise engineering specifications and performance benchmarks. Our sales, marketing and field application teams operate at the frontline, continuously capturing industry trends and delivering a high-frequency stream of ground-level, actionable insights that directly sharpen our R&D direction. By working alongside customers from

system specification to on-site validation, we accelerate deployment cycles, synchronize our roadmap with customers' next-generation systems and compress time-to-market windows. These long-term engagements enable us to serve over 6,000 end customers in 2025, positioning us as a preferred partner for end markets such as industrial & energy, automotive, networking & computing and consumer electronics.

Our Market Opportunities

Our ability to bridge the real and digital worlds places us at the center of transformative discoveries. The intelligence era is characterized by ubiquitous sensing, hyper-scale and edge computing, artificial general intelligence and pervasive connectivity. These convergent forces are reshaping the global economic and technological landscape, creating an arena where product innovation and performance are paramount.

- **Industrial & Energy.** Emerging technologies such as predictive maintenance, digital twins, smart grids and embodied AI in robotics and industrial machinery are ushering in a new industrial era. These developments are driving expansion in the analog IC market for the industrial & energy sector, which is estimated to reach RMB77.3 billion by 2030, according to Frost & Sullivan. Our analog portfolio powers these industrial applications with products continuously optimized on par with evolving demands. High-voltage, high-current motor driver ICs enable precise, reliable control of robotic actuators and industrial machinery, supporting greater efficiency, precision and autonomy on the factory floor and across energy and infrastructure networks.
- **Automotive.** The automotive industry is shifting beyond electrification and toward smart mobility and connectivity, fueling growth in the automotive analog IC market to reach RMB105.3 billion by 2030, with a CAGR of 16.9% from 2026 to 2030, according to Frost & Sullivan. We support leading OEMs with a focused portfolio supporting LiDAR, radar, lighting, camera power management, display drivers, audio systems, battery packs, on-board chargers, BCMs and e-driver systems. Our DC/DC converters, LDOs, LED lighting and backlight power devices, high-side/low-side driver ICs, eFuses and magnetic sensors enable robust power switching, circuit protection and accurate position sensing for EVs and smart vehicles. In addition, our amplifiers, data converters, interface ICs and battery management ICs deliver high-performance signal conditioning and monitoring across vehicle systems. The portfolio meets stringent automotive-grade reliability and functional safety standards, including ISO 26262 compliance, enabling advanced sensing and centralized E/E architectures.
- **Networking & Computing.** Hyperscalers race to build next-generation data centers and secure critical computing capacity, creating an execution gap where adoption is outpacing the ability to deploy at scale. According to Frost & Sullivan, the analog IC market for the networking & computing sector is forecasted to reach RMB132.7 billion by 2030, with a CAGR of 15.8% from 2026 to 2030. Our eFuses, high-power DC/DC converters, multi-phase DC/DC controllers and DrMOS devices enable efficient, high-current, fast-transient power delivery for CPUs and microprocessors, while our high-precision clock management devices (such as retimers) deliver timing synchronization in servers and high-speed interconnect equipment.
- **Consumer Electronics.** The rise of AI-native consumer electronics is propelling the consumer electronics analog IC market to an estimated RMB74.1 billion by 2030, according to Frost & Sullivan. We deliver differentiated, high-performance analog

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products characterized by ultra-low power and high integration. For example, our 60nA DC/DC converters and 300nA op amps power wearables and AR/VR devices, such as smart glasses, while extending battery life and enhancing immersion, and our low-noise, high-fidelity op amps and audio DACs have become preferred choices for leading customers in high-performance audio applications.

Our Financial Achievements

In 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, representing a CAGR of 22.1% from 2023 to 2025. We maintained sustainable profitability throughout the Track Record Period. Our gross profit margin was 44.9%, 47.2% and 46.2% for the same years, respectively. We recorded adjusted net profit (non-IFRS measure) of RMB388.7 million, RMB576.0 million and RMB693.5 million for the same years, respectively.

OUR STRENGTHS

Comprehensive Product Portfolio Powering Wide Adoption

We have engineered the most comprehensive and broad product portfolio in China, according to Frost & Sullivan, with over 7,200 products across 38 categories, providing our customers with distinctive breadth and depth to address complex design challenges across industries. With our dual focus on impactful technology and real-world applications, our product innovation engine remains highly agile, delivering approximately 3,400 new products during the Track Record Period and up to the Latest Practicable Date. Our vast selection of products grants design engineers a comprehensive suite of critical analog products, which allows them to meet any application requirement without the complexity and risk of multi-vendor sourcing. Furthermore, our broad coverage across voltage ranges, applications and performance tiers allows us to capture more design wins and expand customer engagements from single-product opportunities to multi-product or system-level solutions.

As an analog IC powerhouse, we are pushing the technical boundaries and setting benchmarks in signal chain and power management technologies. Our signal chain portfolio delivers a complete, high-fidelity path from signal acquisition to conversion, supporting reliable signal integrity and precise system performance in demanding environments. Our power management portfolio provides end-to-end energy control, from battery charging ICs and protection circuits to system-level power conversion and distribution, delivering high efficiency, ultra-low power consumption, fast transient response and robust safety performance across applications. Our comprehensive coverage is exemplified through several key product families:

- *High-Performance Op Amps.* We offer a broad range of op amps featuring low-noise, high-precision, low-power, high-speed and zero-drift variants, rivaling the bandwidth and performance of global industry leaders, according to Frost & Sullivan. Specifically, our high-precision variants achieve internationally advanced levels in critical parameters such as input bias current, offset voltage and temperature drift, enabling their successful adoption in sophisticated markets such as industrial automation and medical devices.
- *Analog-to-Digital Converters.* Our ADC platform combines multiple architectures to tackle diverse design challenges. Our 24-bit, 16-channel ADC achieves a remarkably low

input-referred noise, capturing extremely weak signals for breakthroughs in medical imaging, industrial automation and test & measurement. Our 18-bit, single-channel SAR ADC delivers outstanding signal fidelity, making it optimal for widespread use in industrial automation, communications and automotive.

- *Digital-to-Analog Converters.* Complementing our high-performance ADCs, our DAC portfolio includes general-purpose DACs and specialized audio DACs, providing comprehensive signal chain solutions for both precision instrumentation and high-fidelity audio applications, ensuring complete digital-to-analog output capability.
- *Full-Stack Charge Guard.* We deliver a power pathway from advanced battery charging ICs and protection circuits to optimized BMS, providing superior safety and an extended lifespan for smartphones, tablets, wearables and EVs. Features such as high integration, support for rapid charging protocols (“**PD/QC**”), superior efficiency and ultra-low standby power make these solutions preferred choices for top-tier global brands, particularly in the lithium battery-charging IC segment.
- *Pixel-Perfect Display Power & Drivers.* Our display power and driver ICs for liquid crystal display (“**LCD**”) and OLED panels power immersive visuals in smart devices, automotive infotainment and high-end industrial displays. Characterized by ultra-low noise, high efficiency, minimal power consumption and compact integration, these products have positioned us as a strategic partner to top global consumer electronics brands.
- *High-Efficiency DC/DC Converters.* Covering buck, boost, buck-boost and multi-phase architectures, our DC/DC converters deliver extreme efficiency, fast transient response, high-voltage/current capability and robust thermal performance, well-suited for servers and next-generation automotive systems.
- *Ultra-Low-Power LDOs.* Defined by rock-bottom quiescent current, high Power Supply Rejection Ratio (“**PSRR**”) and minimal noise, our LDOs are the go-to for power-sensitive applications in consumer electronics, wearables, high-end audio and networking. Our AEC-Q100-qualified, automotive-grade LDOs are already achieving volume shipments in automotive applications.
- *Intelligent Load Switches / eFuses.* Our high-voltage, high-current load switches and eFuse products have achieved volume adoption in applications such as portable devices, personal computing and data centers, delivering robust protection and precise power distribution and enhancing system safety and reliability in space-constrained, power-dense environments.

Backed by an elite team of analog experts and standardized cross-functional playbooks covering product development, sales and technical support, we accelerate customer time-to-market and enforce best practices. Our robust design resources, including in-depth technical documentation, training programs and simulation tools, enable customers to achieve higher integration, functionality and performance in their final products. The combination of broad selection, proven performance and engineer-focused value defines our product portfolio, making us the trusted and high-value partner for analog and sensing solutions.

Customer-Centric, Tech-Powered Innovation Amplified by Strategic Synergy

Innovation is the core of our business and the engine of our growth. We strategically concentrate our resources and expertise on what we do best: tech-driven R&D and proprietary process

technologies. Our development is governed by holistic lifecycle management, featuring rigorous discipline from initial product definition and IC design through simulation, validation and rigorous reliability testing. Our structured process not only ensures execution excellence but also cultivates a growing repository of leading-edge technologies, including high-precision analog design, ultra-low-power circuit architecture, and high-voltage process optimization.

Our R&D is intensely market-driven and closely aligned with real-world customer demands. This synergy is facilitated by our marketing, sales and technical support teams, who work side by side with customers throughout the product definition, performance validation and application testing phases. Embedded within customer ecosystems, these teams provide critical frontline insights that directly inform our development priorities. Additionally, we simplify system design with our comprehensive library of sub-circuit ideas that include step-by-step instructions, basic formulas and schematic diagrams. This deep collaboration allows us to engage in early co-creation projects during the product definition and planning stages for our customers' next-generation systems, resulting in a technology roadmap synchronized with future market needs and effectively reducing time-to-market.

Furthermore, our strategic acquisitions serve as a powerful force multiplier for our innovation engine, which has been instrumental in expanding our reach into pivotal growth areas. The integration of acquired technologies and talent has fortified our R&D capabilities and overall market competitiveness.

Fabless Model Integrating Proprietary Process Expertise with Full-Lifecycle Quality Management

We operate under a fabless model integrating our proprietary process expertise into the standard fabless model. This model is a strategic advantage that allows us to channel resources into circuit design, system innovation and differentiated analog processes while avoiding the massive capital expenditure required to build and maintain semiconductor fabrication plants. We build application-optimized know-how in critical areas such as high-voltage operation, ultra-low power consumption, wide temperature range and precision analog design. Our know-how and processes also support a smooth transition from prototyping to high-volume production, reducing exposure to supply chain volatility and securing a stable, high-quality output. To scale effectively, we orchestrate manufacturing through collaboration with leading global foundries and top-tier OSAT providers. Through early-stage joint development with our partners focusing on process selection, material science and advanced test methodologies, we continuously optimize yield and final product performance.

Our quality management system is architected on a world-class assurance framework, implemented with uniform rigor across all product categories throughout the entire product lifecycle, from product definition and tape-out to wafer fabrication, assembly, testing and post-sales support. We hold ourselves to rigorous benchmarks that often exceed industry standards for product reliability, longevity, interference immunity, manufacturing yield and lot-to-lot consistency. For example, all our automotive-grade products are developed in full compliance with ISO 26262 for functional safety and have achieved AEC-Q100 certification, securing reliability for the most demanding road applications. Our industrial-grade product lines meet functional safety standards and undergo complete reliability verification at third-party laboratories.

High-Touch Customer Engagement Fueling Widespread Adoption

Our growth is fueled by design-in partnerships with global industry leaders. We engage at the early stages of product definition, employing a co-creation model to develop general-purpose and application-specific products that become integral to our customers' flagship and volume-driven product lines. Our products are engineered into high-value systems and mission-critical applications globally. In the automotive sector, we are among the few China-based analog product providers capable of mass-producing a variety of automotive-grade analog ICs, with a product portfolio that has successfully passed over 100 sets of AEC-Q100 qualification tests and comprises more than 600 automotive-grade products available in the market. In industrial automation, our high-precision ADCs, isolation amplifiers and motor drivers are integral to the systems of renowned brands, enabling high-accuracy control in medical imaging, PLCs and automated manufacturing. We foster continuous customer engagement on market needs, technology shifts and future product planning through high-level dialogs, joint workshops and collaborative development efforts, which enable us to anticipate technology transitions and capture new opportunities in high-growth markets.

We blend local expertise with a globally scaled support network to deliver customer responsiveness. Dedicated technical sales teams in each region provide deep regional application knowledge and direct, in-person support. Our local force is amplified through strategic alliances with leading global distributors, extending our channel reach and responsiveness worldwide, which we believe is instrumental in driving consistent and robust overseas expansion.

Expert-Led Team Catalyzing Innovation and Growth

Behind SG MICRO's growth story is a recognized team of semiconductor experts. Our leadership combines nearly three decades of experience in analog design, semiconductor operations and global market execution. Senior management brings deep expertise in cross-border leadership and long-term strategic planning.

We foster a people-centric culture that champions innovation, collaboration and accountability. We invest in people through structured training, cross-functional development and international collaboration. The result is a unified, high-performance organization geared toward technology leadership and market impact.

We are powered by talent. We have established a group-level mentorship program, which creates a formal framework designed to build a well-structured talent echelon. As of December 31, 2025, approximately 72.8% of our employees are dedicated to R&D, with 56.3% holding master's or doctoral degrees. Furthermore, more than 31% of our R&D team have accrued more than ten years of domain expertise, including a core group of approximately 100 personnel with over two decades of expertise in their fields.

OUR STRATEGIES**Advance R&D to Lead in Technology and Market**

Building on our extensive experience in analog IC development, we are accelerating R&D and core IP expansion in critical analog domains to drive technological breakthroughs across our entire product portfolio. We will develop a robust and highly adaptable suite of high-reliability signal chain and high-voltage, high-power power management solutions that meet evolving market demands and strengthen our leading position in high-growth sectors. We also aim to broaden the application of our proprietary process technologies, covering over one-third of our new products in the coming years.

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To maximize R&D efficacy and time-to-market, we intend to employ cross-functional, project-based management methodologies that streamline development cycles and enhance the translation of advanced research into scalable, market-ready products. Our strategy is reinforced by our deep commitment to nurturing R&D talent through equity incentives and an open innovation culture, ensuring that we attract and retain industry-leading engineers who provide a sustainable foundation for long-term technology leadership and innovation.

Further Expand Analog Portfolio for Next-Generation Applications

We are strategically expanding our analog portfolio to deliver a comprehensive suite of general-purpose and application-specific solutions that extend beyond signal chain and power management products into highly specialized domains, including the development of sensor technologies to capture, process and transmit critical environmental and operational data with high precision and reliability.

Our development roadmap is sharply aligned with emerging application demands, focusing on enhancing performance benchmarks, reducing power consumption and optimizing form-factor efficiency to set new industry standards. We intend to further expand our product range, focusing on automotive-grade ICs, server power management ICs, sensors, BMS, high-performance audio ICs, high-speed interface ICs and driver ICs.

We will continue to be deeply embedded in the technological evolution of various sectors, including computing, ADAS, renewable energy equipment and power photovoltaics, while continuing to discover opportunities in automotive intelligence and electrification, networking, computing, industrial applications, embodied AI and edge AI.

Optimize Our Business Model Leveraging Scalable Supply Chain

We are strategically committed to our fabless model integrating our proprietary process expertise, which allows us to concentrate our resources and expertise on our core competencies. On the one hand, we will continue to optimize and develop our proprietary process technologies to strengthen product differentiation and competitiveness. On the other hand, we will further orchestrate manufacturing through expertise-driven collaboration with leading foundries and OSAT providers, building a resilient, high-quality supply chain characterized by deep collaboration on process node selection, test optimization and yield improvement. By leveraging the intrinsic synergies between our technical expertise and fabless structure, we expect to efficiently scale our business, broaden our product portfolio and application reach, and respond with agility to fragmented and evolving market demands, positioning us to capture emerging opportunities in next-generation industries.

Deepen Customer Collaboration to Power Product Innovation

Our growth is fueled by long-term, stable relationships with high-profile customers across different sectors to guide our product planning and development. We believe that our customer-centric product innovation is critical to establishing competitive advantages across markets and gaining a deeper understanding of real-world application challenges and emerging market needs. We will further expand our global sales network to gain profound, real-time insight into customer demands and technical requirements. Such frontline insights will ensure our product iterations are precisely aligned with market needs, enabling rapid optimization of critical parameters such as current capability, power efficiency and signal accuracy.

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Beyond responsive support, we will actively engage in co-creation initiatives and joint development projects with end customers, which allow us to co-define and incubate next-generation products directly with industry innovators. We believe our strategy not only addresses immediate, application-specific challenges but also allows us to crystallize successful custom developments into standardized products. These products can subsequently be generalized for broader market applications, accelerating our time-to-market and enhancing our growth potential. By evolving in lockstep with our customers' most advanced projects, we will drive continuous innovation together, cementing our leadership in delivering products with performance and reliability.

Pursue Strategic Expansion and Alliances and Expand Overseas Market Reach

We plan to actively pursue investment opportunities and identify high-quality acquisition targets. We intend to focus on both domestic and overseas markets to identify potential strategic investment and acquisition opportunities, aiming to integrate high-quality assets, broaden our technology boundaries, extend our product categories and expand into new and emerging markets and sectors. Through prudent evaluation and targeted acquisitions across the industry, we aim to further strengthen our competitive position and drive long-term growth.

We are committed to expanding our global footprint by establishing and strengthening our R&D capabilities, sales networks, and field application support across regions. We believe our unique business model allows us to closely monitor emerging technology trends, respond swiftly to diverse customer needs, achieve global resource synergy and technology adoption, continuously improve product competitiveness and customer service capabilities, and further consolidate our comprehensive strength in overseas markets.

OUR PRODUCTS

Our product strategy is built on a foundation of deep portfolio breadth and rapid innovation cycles, positioning us to capitalize on high-growth market trends and address the complex demands of modern electronics. We have continuously expanded and refined our product families through significant R&D investment, achieving breakthroughs in core IP and proprietary processes. Our extensive portfolio spans 38 categories and over 7,200 products, delivering solutions across a wide range of end markets such as industrial & energy, automotive, networking & computing and consumer electronics.

We have a comprehensive analog portfolio comprising signal chain ICs and power management ICs. We are also strategically expanding into sensor products, enhancing our ability to provide sensing and processing solutions for diverse applications.

- **Signal chain ICs** are designed to sense, condition and process real-world analog signals (such as temperature, pressure, sound and light) and convert them into precise digital data for further processing. These ICs perform critical functions including signal amplification (using op amps and instrumentation amplifiers), filtering, data conversion (both ADC and DAC) and signal conditioning. By accurately translating continuous physical phenomena into digital information, they form the foundation for measurement and control in a wide array of applications.
- **Power management ICs** are designed to regulate, distribute and optimize electrical power within electronic systems. They enhance energy efficiency, promote operational reliability

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and extend battery life in portable and embedded devices. A typical power management IC integrates multiple power-related functions, such as DC/DC conversion (including synchronous buck and boost regulators), LDOs, battery charging and management, power sequencing, supervision (featuring power-on reset and under-/overvoltage protection) and load switching. This high degree of integration results in a compact, efficient and thermally optimized power solution that simplifies overall system design and improves performance.

- **Sensors** are designed to perceive and measure real-world physical phenomena, such as temperature, magnetic fields, position and pressure, and convert them into electrical signals for processing by electronic systems. They serve as the bridge between the physical and digital domains, providing critical input data for measurement, monitoring, and automated control systems. Typical sensor products range from discrete sensing elements to highly integrated sensor products that combine sensing elements with signal conditioning circuitry. This approach can provide a calibrated digital output, which not only significantly simplifies system design but also enhances overall performance and reliability by reducing external interference.

The following table sets forth a breakdown of our revenue by product category for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	1,746,024	66.8	2,181,660	65.2	2,379,834	61.1
Signal chain ICs	864,242	33.0	1,156,700	34.5	1,471,023	37.7
Others ⁽¹⁾	5,450	0.2	8,623	0.3	47,198	1.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our revenue from our sensor products and technology services. Technology services represented the service fees charged for providing customized development products for customers.

The following table sets forth a breakdown of the sales volume and average selling price (ASP) of our major products by product category for the years indicated. During the Track Record Period, the ASP of our products decreased, which was primarily due to changes in our product mix.

	Year Ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	<i>(Units in millions)</i>	<i>(RMB/unit)</i>	<i>(Units in millions)</i>	<i>(RMB/unit)</i>	<i>(Units in millions)</i>	<i>(RMB/unit)</i>
Power management ICs	3,060.6	0.5705	3,934.6	0.5545	5,022.8	0.4738
Signal chain ICs	1,427.4	0.6055	2,012.7	0.5747	2,792.6	0.5268

Signal Chain ICs

Our signal chain ICs comprise ADC/DAC, amplifiers and comparators, analog switches, audio and video amplifiers, logic and interface circuits, radio frequency (“RF”) devices and voltage references.

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The following table sets forth our major signal chain ICs, description and features:

Product Category	Product Description	Application Scenarios
ADCs/DACs	ADCs/DACs are critical components enabling bidirectional conversion between analog and digital domains, each employing distinct architecture suited to different performance requirements. Among ADCs, Delta-Sigma ADCs achieve high resolution by using oversampling and noise-shaping techniques. Pipeline ADCs are designed to emphasize high sampling rates through multi-stage and parallel conversion stages. Successive Approximation Register (“SAR”) ADCs offer a balance of speed, resolution and power consumption, making them well-suited for power-sensitive systems. Among DACs, Voltage-output DACs are designed to directly drive loads and are widely used in audio equipment, while current-output DACs provide the high-speed performance required in communication systems. They are also classified by input method as either parallel or serial. DACs are widely used in audio equipment and communication systems.	Industrial control Communication equipment Measurement instruments Medical devices Data acquisition systems Optical communications Automotive electronics Consumer electronics
Amplifiers and comparators	Amplifiers and comparators are core components in the signal chain, primarily used for signal amplification and voltage comparison. This product category encompasses a comprehensive range of types, including high-speed op amps, precision op amps, low-noise op amps, low-power op amps, precision instrumentation amplifiers, high-voltage op amps, high-speed comparators and low-power comparators.	Industrial automation Test equipment Medical devices Sensor systems Notebooks Automotive electronics Consumer electronics
Analog switches	Analog switches facilitate the routing of analog signals with high speed, low distortion and minimal crosstalk. Key product variations include high-speed switches, low-on-resistance switches, high-fidelity audio switches and switch matrices.	Audio and video systems Communication systems Data acquisition systems Test equipment Industrial control Consumer electronics
Audio and video amplifiers	Audio and video amplifiers comprise a range of specialized ICs engineered for the conditioning and amplification of audio and video signals. This product category includes audio amplifiers, audio power amplifiers, video buffers and audio DACs, among other signal-path components. These ICs have demanding performance requirements, including high precision, low-noise operation, minimal total harmonic distortion, low power consumption and multi-channel support.	Audio and video systems Consumer electronics Automotive electronics Medical devices Surveillance systems
Logic and interface circuits	Logic and interface circuits include a wide range of basic logic components, such as inverters, buffers and simple gates like AND, OR and NAND, as well as level shifters and interface circuits. These ICs help handle signal	Industrial control Networking and communication systems Consumer electronics

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Product Category	Product Description	Application Scenarios
	integrity and support communication between parts of a system that may use different voltage levels or logic standards.	Automotive electronics PCs and Notebooks
RF devices	RF devices are designed to work with high-frequency wireless signals, commonly referred to as RF signals. This product category typically includes components such as RF switches, low-noise amplifiers, power amplifiers, RF tuners and Wi-Fi transceivers. Their main tasks include sending and receiving RF signals, as well as handling tasks like modulation, demodulation, power amplification and filtering to help build reliable wireless connections.	Wireless communications IoT Radar and navigation Automotive electronics Medical devices Consumer electronics
Voltage references	Voltage reference ICs are designed to provide accurate and stable voltage outputs. Their main function is to create a dependable voltage reference point inside electronic systems. These ICs use specialized circuit methods, such as bandgap and Zener-based designs, to maintain consistent performance across temperature changes and to reduce noise.	Data acquisition systems Test equipment Industrial control Consumer electronics Automotive electronics

Power Management ICs

Our power management ICs encompass AMOLED power supply ICs and LED drivers, DC/DC converters, driver ICs, LDOs, lithium battery-charging and protection ICs, load switches and protection circuits, MOSFETs and electrostatic discharge/transient voltage suppressor (“ESD/TVS”) devices, power management units and ASICs and system monitoring ICs.

The following table sets forth certain major power management ICs, descriptions and features:

Product Category	Product Description	Application Scenarios
AMOLED power supply ICs and LED drivers	AMOLED power supply ICs and LED drivers are a family of highly efficient, low-power ICs for a variety of display and lighting applications. This product category includes solutions for driving LED backlights and camera flashes, supplying bias power to LCD panels and powering AMOLED displays, featuring a range of devices such as backlight drivers with high dynamic range, multi-channel backlight drivers, high-current LED flash drivers, LCD bias power ICs and AMOLED power supply ICs that use a proprietary power architecture with a single inductor to support multiple outputs.	Smartphones and smartwatches Tablets and notebooks TVs AR/VR devices AMOLED displays Wearable devices displays Automotive lighting and displays

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Product Category	Product Description	Application Scenarios
DC/DC converters	DC/DC converters change one DC voltage level into another, generating the specific voltage levels required in electronic systems. These ICs support several conversion methods including step down (buck), step up (boost), step up and step down (buck boost) and charge pump architectures. This product category includes a full range of high-efficiency, low-power DC/DC converters, covering the common conversion types and working with a broad spectrum of voltage and current levels ranging from high-voltage, high-current systems to low-voltage, ultra-small current designs.	Consumer electronics Industrial control Portable electronic devices IoT Communication equipment Automotive electronics
Driver ICs	Driver ICs comprise a range of devices. LED driver ICs adjust LED brightness by regulating the drive current. Motor driver ICs are primarily used to drive inductive loads like DC motors and stepper motors. High-side and low-side drivers regulate the current in a circuit by controlling the load's connection to the positive power supply and ground, respectively. Gate drivers perform the function of driving and controlling power semiconductor devices.	Industrial control Automotive electronics Consumer electronics Robotics Medical devices
LDOs	LDOs are linear voltage regulators that provide stable DC output by continuously and linearly adjusting the input voltage. Their key characteristic is the ability to maintain a regulated output even when the difference between the input voltage and the output voltage is minimal, typically less than one volt. We offer a comprehensive portfolio of high-precision LDO products, including low-noise LDOs, ultra-low-power LDOs with Iq as low as 0.25 microamperes, high-voltage LDOs and multi-output LDO solutions.	Portable electronic devices Consumer electronics Automotive electronics Industrial control Medical devices
Lithium battery charging and protection ICs	We offer a range of high-efficiency battery charging ICs based on multiple circuit architectures, including linear, switching and switched-capacitor topologies. Our battery charging management ICs are typically placed on the device mainboard, supporting multiple circuit architectures such as linear, switching, and switched-capacitor to enable charging modes from standard to high-voltage fast charging. Our battery protection ICs include both dedicated protection controllers for smartphones, which serve as a core component of the Protection Circuit Module placed directly on the battery cell, and highly integrated protector solutions for wearables, which co-package the control circuitry and MOSFETs to provide an ideal solution for space-constrained designs.	Battery-powered equipment Portable electronic devices Consumer electronics Automotive electronics Industrial control Energy storage systems

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Product Category	Product Description	Application Scenarios
Load switches and protection circuits	Load switches and protection circuits are essential components used to manage power delivery and protect electronic systems from faults. This product category includes a variety of ICs such as load switches, eFuses, overvoltage protection (“ OVP ”) circuits and overcurrent protection (“ OCP ”) circuits. These ICs are typically manufactured using a highly reliable BCD process technology, an advanced fabrication approach that integrates bipolar, CMOS and DMOS devices.	Consumer electronics Industrial control Communication equipment Battery-powered equipment Automotive electronics Energy storage systems
MOSFETs and ESD/TVS devices	MOSFETs, along with ESD and TVS devices, are classified as discrete devices, with key performance parameters heavily influenced by specific fabrication processes, circuit design methodologies and layout strategies. This product category encompasses N-Channel MOSFETs, P-Channel MOSFETs, GaN MOSFETs, as well as dedicated ESD and TVS devices.	Power systems Motor drive systems Industrial control Automotive electronics Mobile devices
PMUs and ASICs	PMUs are highly integrated power management ICs primarily used for monitoring, regulating and distributing power supply in electronic systems. These ICs are offered as both general-purpose and special-purpose solutions. They typically integrate multiple power rails, deliver a high level of integration and support advanced functionality. ASICs include specialized solutions for optical modules, such as bias power controllers for Avalanche Photodiodes (“APDs”) and Electroabsorption Modulated Lasers (“EMLs”), as well as drivers for Thermoelectric Coolers (“TECs”). This product category encompasses a variety of PMUs addressing diverse application requirements, alongside a series of special-purpose power ICs catering to optical module power needs.	Portable electronic products IoT Optical modules Communications equipment Consumer electronics Automotive electronics Industrial control Energy storage systems
System monitoring ICs	System monitoring ICs include microprocessor power supply monitoring circuits, voltage detection circuits, current monitoring circuits and power sequencers. Among these, microprocessor power supply monitoring circuits further include ICs featuring watchdog timers and timing functions.	Industrial control Consumer electronics Automotive electronics Smart grids and security equipment Medical devices Energy storage systems

Sensors

Our sensor portfolio primarily includes temperature sensors and magnetic sensors, and is designed to provide a broad portfolio of reliable sensing solutions for a wide range of applications.

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The following table sets forth certain major sensor products, descriptions and features:

Product Category	Product Description	Application Scenarios
Temperature sensors	Our temperature sensor products are designed for the precise measurement of ambient or object temperatures. These products efficiently convert temperature information into digital or analog signals for system processing.	Industrial control Medical devices Consumer electronics Automotive electronics Energy storage systems
Magnetic sensors	Our magnetic sensors are used to detect the magnitude, direction, or presence of a magnetic field and are widely used in various position sensing, angle measurement, and current sensing applications. Our product line covers both coaxial and off-axis types.	Consumer electronics Automotive electronics Medical devices Industrial control IoT Energy storage systems

MARKETS FOR OUR PRODUCTS

The global analog IC market is experiencing significant growth driven by industrial upgrading and continuous innovation in analog IC technology. We are well positioned to capture the booming market opportunities, fueled by rising demand across key markets such as industrial & energy, automotive, networking & computing and consumer electronics, creating vast opportunities for efficient and cost-effective analog solutions. We are strategically positioned to capitalize on these trends with a diverse portfolio of analog ICs adapting to the evolving needs of end customers in these markets.

The table below lists the major end markets for our products:

Market	Application
Industrial & Energy	Industrial automation Measurement and test Robotics IoT Medical devices Energy infrastructure
Automotive	ADAS Body electronics & lighting Infotainment & cluster Hybrid, electric & powertrain systems
Networking & Computing	AI-driven imaging and audio systems High-bandwidth networking equipment Communications equipment Computing systems
Consumer Electronics	Smartphones PCs & notebooks Tablets Portable electronics Wearables

Industrial & Energy

Industrial & energy includes industrial automation, measurement and test, robotics, IoT, medical devices and energy infrastructure. The core objectives across these applications are to enhance operational efficiency, system reliability and energy sustainability, often through the integration of digital and smart technologies.

Analog ICs are a fundamental “bridge” and “control system” within these industrial and energy application scenarios, enabling precise data acquisition, signal conditioning, data conversion, detection, drive control, and efficient power management.

In industrial automation equipment, analog ICs perform the core functions of signal acquisition and conversion. Such ICs must possess high precision and low distortion to ensure the operational stability of the equipment. In industrial motor control, analog ICs are responsible for functions like current sensing and power regulation. Our high-performance amplifiers and high-speed comparators, such as precision op amps with microvolt-level input offset voltage, and high-speed comparators with microsecond-level propagation delay, ensure accurate sensor signal amplification and high-speed voltage comparison in demanding environments such as industrial control and instrumentation systems. For critical analog-to-digital and digital-to-analog conversion, our high-precision ADCs and DACs provide measurement capabilities essential for closed-loop control, battery monitoring and energy system synchronization.

Our power management ICs, including high-efficiency DC/DC converters, battery charging management ICs with multiple topology architectures, high-power motor driver ICs, and high-immunity LDOs, are widely deployed in the process control and power management of industrial automation equipment, motor control, solar MPPT controllers, and bidirectional ESS to optimize power conversion efficiency and extend battery life. Additionally, our driver ICs and GaN-based gate drivers enhance switching efficiency in inverters and motor control units, reducing energy loss and supporting higher power densities.

Automotive

Automotive covers ADAS, body electronics and lighting, infotainment & cluster and hybrid, electric & powertrain systems. The architecture of automotive is undergoing a significant transformation, evolving from traditional distributed ECUs towards more integrated domain control and centralized compute architectures, which enhances functionality and simplifies system complexity.

Analog ICs function as the central nervous system in modern automotive applications, enabling critical functions in sensing, power management, actuation and signal chains.

Automotive-grade analog ICs have a wide range of applications across the four major systems of a vehicle: the powertrain system, body electronics and lighting system, ADAS, and infotainment system. For instance, in the powertrain system, analog ICs are used to implement high-voltage power conversion in applications such as motor control systems and on-board chargers, while battery management ICs enable precision measurement and protection for high-voltage batteries in EVs, which contributes to extended range and safety. In the body electronics system, analog ICs are utilized in BCMs and lighting systems; for example, BCMs use analog ICs to manage electrical components like air conditioning and wipers, and lighting systems rely on LED drivers to achieve pixelated, scalable and efficient lighting solutions. In ADAS, analog signals from sensing systems like cameras and radars

require signal conditioning ICs to enhance signal integrity and noise immunity, while high-resolution ADCs (including Delta-Sigma and SAR ADCs) enable precise conversion of these signals to digital for real-time analysis by digital processors. In the infotainment system, analog ICs such as display drivers and audio/video amplifiers are essential for the smooth playback and interactive response of multimedia content.

In power management, power management ICs deliver stable, efficient and low-noise power to safety-critical domains (such as ADAS, braking, steering) and complex infotainment systems. For example, display power solutions integrate buck converters and LDOs to support high-resolution TFT panels, while camera power management ICs enable reliable operation of ADAS camera modules with stable, low-noise power supplies.

Networking & Computing

Networking & computing encompasses the core infrastructure that underpins the operation of modern digital society. This includes communication systems such as 5G base stations and fiber-optic networks, which are responsible for the high-speed transmission of massive amounts of data; networking equipment such as switches and routers, which form the backbone of the internet and data centers; and computing and AI infrastructure, which provide immense computational power through centralized clusters of CPUs and ASICs for tasks ranging from scientific computing and big data analytics to AI model training. Collectively, these systems face a continuous demand for higher bandwidth, lower latency, greater computational power, and improved energy efficiency. The core function of this infrastructure is to ensure reliability, efficiency, and scalability in handling exponentially growing data and computational demands.

Analog ICs are pivotal in networking and computing, primarily addressing power management, timing control and signal integrity.

In timing control and signal integrity, RF devices such as low-noise amplifiers and RF switches, and PAs, along with logic and interface circuits, enable precise synchronization and robust signal transmission across high-speed SerDes, PCIe and Ethernet interfaces, which is critical to maintaining coordination in high-bandwidth networking equipment. In signal conditioning and conversion, ADCs/DACs (including pipeline, SAR and Delta-Sigma ADCs) and amplifiers (such as high-speed and precision op amps) enable accurate translation between analog and digital domains, which are vital for tasks such as sensor data acquisition, analog preprocessing and signal fidelity maintenance in AI-driven imaging or audio systems.

In power management, DC/DC converters (including multi-phase controllers and DrMOS solutions and point-of-load Converters) and PMUs are engineered for highly efficient, high-current, fast-transient power delivery systems for core computing units such as CPUs and ASICs. Additionally, our power management ICs provide bias power for high-speed optical communication modules, TEC drivers, and power for memory.

Consumer Electronics

Consumer electronics mainly includes augmented/virtual reality (“AR/VR”) devices, high-end audio equipment, smart devices, wearables and AI-enabled portable electronics. These devices are continually engineered to deliver more immersive user experiences, to extend battery life and to incorporate stronger on-device intelligence, moving beyond basic functionality to become integrated parts of the connected lifestyle.

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Analog ICs are instrumental in striking the balance between performance, power consumption and integration in future-proof consumer devices. Power management is achieved through new-generation, higher-efficiency, low-power, and small-footprint power management ICs, multi-output LDOs, ultra-low-quiescent-current DC/DC converters and other products, which are vital for maintaining the sleek form factors of portable electronic devices and extending battery longevity. The audio signal chain is enhanced by high SNR op amps, audio amplifiers and audio DACs, which work together to deliver low-distortion, high-definition sound output. Furthermore, colorful displays and fast, precise sensing interfaces, such as AMOLED display power supply ICs, LED backlight and flash drivers, and temperature sensors, significantly enhance the visual fidelity and interactive experience of these gadgets.

OUR BUSINESS MODEL

We operate under a fabless model integrating our proprietary process expertise into the standard fabless model. This model is a strategic advantage that allows us to channel resources into circuit design, system-level development and specialized analog processes without incurring the capital costs of owning fabrication facilities.

We partner with foundries to develop custom, specialized fabrication processes tailored specifically to our designs, rather than using the standard foundry libraries. This collaboration enables closer partnerships with our foundry partners and greater control over our production and quality control processes. Our business model supports multiple proprietary process technologies for distinct product families. We build know-how in critical areas such as high-voltage operation, ultra-low power consumption, wide temperature range and precision analog design. Our know-how and processes also support a smooth transition from prototyping to high-volume production, stabilizing our supply chain and ensuring high-quality output. These designs are then produced via selected foundry partners and OSAT providers. Our engineering samples undergo extensive validation, including performance, reliability and compliance testing, in order to ensure they meet stringent industry standards before mass production.

Furthermore, as a part of our business model, we have established our own testing base located in Jiangsu Province, PRC, with a floor area of approximately 2,200 square meters. The testing base enables us to develop specialized testing capabilities and strengthen our technological foundation. Our testing base is strategically positioned to focus on high-precision and high-complexity products that require specialized testing procedures, such as high-precision ADC/DAC products. Prior to relocating to a new facility at the beginning of 2025, we operated a testing base in a leased facility from 2022 to 2024. The utilization rate of the testing base was 59.7%, 71.1% and 76.6% in 2023, 2024 and 2025, respectively. The utilization rate is measured based on machine hours, calculated as actual equipment operating hours divided by theoretical available operating hours. Fluctuations in utilization rates were primarily driven by the timing and intensity of our product development cycles.

Our business model enhances operational flexibility and agility and enables us to freely select diverse process platforms and respond to evolving customer requirements and technology trends.

RESEARCH AND DEVELOPMENT

R&D is the lifeblood of our business and the cornerstone of our competitive advantage. We are committed to a market-driven and customer-centric R&D approach, focusing on the development of high-performance and high-reliability analog IC products. Our continuous investment in R&D enables

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us to stay at the forefront of technological innovation, expand our product portfolio and address the evolving needs of our customers.

We believe our strong and experienced R&D team is one of our key competitive strengths. As of December 31, 2025, our R&D team comprised 1,335 research and engineering personnel, accounting for approximately 72.8% of our total number of employees. Our R&D team members possess profound professional expertise, with 56.3% holding a master's degree or above. More than 31% of our R&D team have accrued more than ten years of domain expertise, including a core group of approximately 100 personnel with over two decades of expertise in their fields.

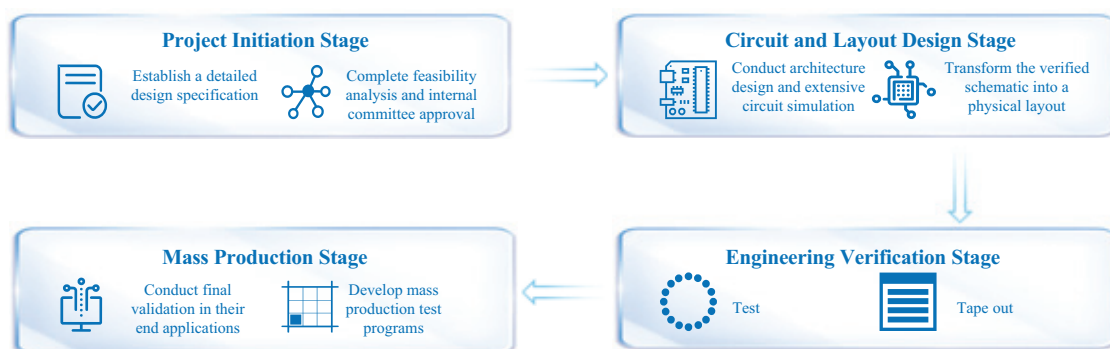
Our R&D activities are led by our senior management and core technical experts, who possess decades of experience in the analog IC industry. Our team is composed of experienced returnees from overseas, seasoned talent recruited from leading domestic and international semiconductor companies, and a core group of talent who we have cultivated internally over many years.

Leveraging our deep technical expertise and commitment to industry advancement, we actively participate in the formulation and revision of key national standards within the industry. Our contributions include key national standards such as GB/T 4377-2018 Semiconductor Integrated Circuits—Measuring Methods for Voltage Regulators (半導體集成電路—電壓調整器測試方法), which provides critical methodologies for testing voltage regulator parameters, and GB/T 14028-2018 Semiconductor Integrated Circuits—Measuring Methods for Analog Switches (半導體集成電路—模擬開關測試方法), which defines test procedures for analog switch performance.

We have invested, and will continue to invest, significant resources in our R&D activities. In 2023, 2024 and 2025, our R&D expenses amounted to RMB737.1 million, RMB870.7 million and RMB1,045.2 million, accounting for 28.2%, 26.0% and 26.8% of our total revenue for the respective years.

Our R&D Process

We have established a systematic and structured R&D process to ensure stringent quality control and project management across all our R&D activities. This process enables us to efficiently translate market needs into high-quality, commercially viable products.



R&D Process

Our R&D process consists of four key stages. First, during project initiation, we establish a detailed design specification based on market and customer needs, following a comprehensive, multi-

departmental feasibility analysis and internal committee approval. Subsequently, in the circuit and layout design stage, our teams conduct architecture design and extensive circuit simulation based on the approved specifications, transforming the verified schematic into a physical layout. Then, during engineering verification, the finalized layout data is delivered to our foundry partners for tape-out, and the resulting engineering samples undergo testing to ensure their performance and long-term reliability under demanding conditions. Finally, in the mass production introduction stage, we develop mass production test programs, and collaborate with customers to conduct final validation in their end-applications. When all the verifications are successfully completed, the product will pass the quality review and obtain mass production approval.

Our Technology

Our technology strategy is fundamentally market-driven and customer-centric, enabling our innovation pipeline to remain closely aligned with real-world applications and high-growth commercial opportunities. We focus on two parallel growth pathways: (i) the continuous performance enhancement and technological upgrading of our established product lines to sustain their competitive edge, and (ii) the strategic expansion into new and emerging application fields to diversify our portfolio and capture future growth vectors.

Our R&D investments are concentrated on three foundational technology domains: signal chain ICs, power management ICs, and sensor products. Through sustained commitment and capability-building in these pillars, we have developed a robust suite of core technologies that not only address evolving customer requirements but also align with industry trends:

- *High-Performance Signal Conditioning and Other Key Technologies.* Our high-performance signal conditioning technology platform includes technologies for high-precision op amps, low-noise op amps, high-speed op amps, high-voltage op amps, low-power op amps, high-speed comparators, low-power comparators, high-precision and high-speed ADCs and DACs, high-end audio ICs, high-fidelity analog switches, and fast level-shifting and high-speed interface ICs, providing a complete range of high-fidelity signal conditioning functions. In addition, our RF team is continuously developing a range of RF products to meet the needs of the wireless communication market.
- *Automotive Electronics Technology.* We believe the rapid development of China's EV market has provided us with a significant opportunity to collaborate directly with automakers and Tier-1 suppliers. We are dedicated to developing a wide range of automotive-grade analog ICs that meet the stringent industry requirements for wide operating temperature ranges and high reliability, including high-side and low-side switches, gate drivers, LDOs, DC/DC converters, load switches, eFuses, LED drivers, voltage references, amplifiers, comparators, audio DACs, analog switches, ADCs, voltage and current monitoring ICs, small logic ICs, and magnetic sensors. As of the Latest Practicable Date, we had over 600 automotive-grade IC products in mass production and nearly 200 automotive-grade IC projects in our R&D pipeline, with a particular focus on applications within the core systems of EVs.
- *Efficient, Low-Power Power Management Technology.* We are dedicated to providing advanced power management solutions. These include: (i) battery charging and protection, where we address the substantial demand from portable electronics by developing innovative technologies such as switched-capacitor chargers for faster and more efficient charging; (ii) display power and driver ICs, where we offer a comprehensive range of power supply

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solutions for advanced displays like AMOLED, and various high-efficiency driver solutions for LED backlights and flashlights; and (iii) high-efficiency, low-power DC/DC converters and LDOs for various power conversion needs. These products are widely used in applications ranging from wearables to smartphones and tablets.

- *Sensor Technology.* This includes high-sensitivity magnetic sensors and high-precision temperature sensors that deliver excellent performance and can be widely used in consumer electronics, industrial automation, and automotive applications. For example, our AMR-based magnetic encoder for off-axis mounting is housed in a compact 3mm×3mm package and highly integrates the magnetic sensor with an ASIC through an excellent signal processing circuit. It outputs angle data with an effective resolution of 14 bits and an absolute angular accuracy of $\pm 0.3^\circ$. It also offers multiple output options, including SPI, ABZ, and UVW, for customer selection. User-friendly features such as one-key zeroing and one-key auto-calibration significantly improve motor accuracy and production efficiency for our customers. Its built-in functions for offset compensation, amplitude compensation, and temperature compensation provide excellent vibration resistance and low temperature drift characteristics, making it suitable for various demanding operating environments.
- *Small Form Factor and High-Density Integration Technology.* As portable devices and various space-constrained applications demand increasingly smaller footprints, the ability to achieve miniaturization without compromising performance has become a core competitive advantage. We have established miniaturization as a key R&D focus, continuously pushing physical limits through a combination of advanced circuit design, efficient and compact layout and routing and proprietary process capabilities. Our accumulated know-how enables us to integrate complex functionalities within exceptionally small packages while maintaining excellent performance. Our expertise in this area is demonstrated in various products: for instance, we offer LDOs in packages as small as 0.63mm×0.63mm, amplifiers and comparators in 0.8mm×0.8mm footprints, and power modules that integrate an inductor, capacitor, and DC/DC converter within a 2mm×2mm TDFN package. Furthermore, our 3.1 milliohm MOSFET products can achieve ultra-compact dimensions of 2mm×2mm. This capability to strike an optimal balance between size, power consumption, and performance allows us to empower our customers to develop more compact and efficient end-products.
- *Technological and Process Advantage of Our Portfolio.* The majority of our product portfolio is comprised of active products developed using newer-generation process technologies. We have established a proprietary process team and developed them rapidly, building a complete process device development system and device testing laboratories. Our proprietary process devices have already been utilized across multiple product lines, demonstrating clear performance advantages.

SUPPLY CHAIN MANAGEMENT

We operate a business model centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. We believe this model allows us to optimize our operational efficiency and focus our resources on innovation.

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We typically engage reputable suppliers to ensure the quality of our products. We exercise strict control over the quality and performance of each product. On the one hand, we select foundries and OSAT providers with high reliability, consistency, and product yield as suppliers; on the other hand, we subject every new product to a full suite of high-standard tests, and only after passing these tests do we commence mass production, thereby expanding our product portfolio while ensuring product quality, reliability and consistency. To further enhance our quality control and oversight, we station our quality management personnel on-site at our key suppliers to conduct regular quality audits and oversee the manufacturing process.

Raw Materials and Procurement

Our procurement activities primarily consist of securing (i) foundry-manufactured wafers and (ii) chip packaging and testing services, which constitute the core components of our products. In addition, we procure a range of non-production materials and services, including R&D consumables and equipment, to support our daily operations.

We have implemented a structured procurement process tailored to different types of needs. For high-volume, long-term procurement such as wafers, we typically enter into framework agreements with our key suppliers. For project-based or engineering needs, we may conduct a tendering process. For infrequent, non-production-related purchases, we adopt a spot purchase approach on a case-by-case basis.

Supplier Selection and Management

We have implemented a rigorous and multifaceted process for the selection and ongoing management of our suppliers to ensure the quality and reliability of our supply chain.

Our selection criteria prioritize technical capability, including process technology compatibility, quality performance, and the supplier's scale and reputation in the industry. Importantly, we have fully integrated ESG considerations into our selection process. We require potential suppliers to have obtained key management system certifications, such as ISO 14001 (Environmental Management) and ISO 45001 (Occupational Health and Safety), as a prerequisite for partnership. See “— Environmental, Social and Governance — Social Responsibility — Supply Chain Management” for more details.

Our procurement department collaborates with our quality, engineering, and R&D teams to conduct comprehensive due diligence on all new suppliers. Once approved, suppliers are subject to our continuous management. Furthermore, we require our suppliers to sign our Code of Conduct and Integrity and Anti-corruption Commitment Letter, ensuring their alignment with our standards on labor practices, health and safety, business ethics, and responsible sourcing, including the prohibition of conflict minerals.

Our Major Suppliers

During the Track Record Period, our suppliers primarily consisted of foundries and OSAT providers. In 2023, 2024 and 2025, purchases from our five largest suppliers in each year amounted to RMB1,517.5 million, RMB1,919.6 million and RMB2,180.7 million, respectively. Purchases from our five largest suppliers in each year of the Track Record Period accounted for 92.4%, 92.3% and 91.0% of our total purchases, respectively. All of our five largest suppliers in each year during the Track Record Period were Independent Third Parties.

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

Year Ended December 31, 2025

No.	Supplier	Products/ services provided	Purchase amount (RMB in thousand)	% of total purchase	Year of commencement of business relationship with us
1	Supplier A ⁽¹⁾	Wafer	949,187	39.6	2007
2	Supplier B ⁽²⁾	Packaging and testing services	379,679	15.8	2007
3	Supplier C ⁽³⁾	Wafer	345,303	14.4	2019
4	Supplier D ⁽⁴⁾	Packaging and testing services	284,597	11.9	2007
5	Supplier E ⁽⁵⁾	Packaging and testing services	221,910	9.3	2007
Total			<u>2,180,676</u>	<u>91.0</u>	

Notes:

- (1) Founded in 1987, Supplier A is a public company originated and located in Taiwan, China and listed on the Taiwan Stock Exchange, engaging in the manufacturing of semiconductor products.
- (2) Founded in 1998, Supplier B is a public company originated and located in Jiangsu, China and listed on the Shanghai Stock Exchange, engaging in the provision of OSAT services.
- (3) Founded in 2000, Supplier C is a public company originated and located in Shanghai, China and listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, engaging in the manufacturing of semiconductor products.
- (4) Founded in 2003, Supplier D is a public company originated and located in Gansu, China and listed on the Shenzhen Stock Exchange, engaging in the provision of OSAT services.
- (5) Founded in 1994, Supplier E is a public company originated and located in Jiangsu, China and listed on the Shenzhen Stock Exchange, engaging in the provision of OSAT services.

Year Ended December 31, 2024

No.	Supplier	Products/ services provided	Purchase amount (RMB in thousand)	% of total purchase	Year of commencement of business relationship with us
1	Supplier A	Wafer	1,104,277	53.1	2007
2	Supplier B	Packaging and testing services	258,472	12.4	2007
3	Supplier C	Wafer	192,531	9.3	2019
4	Supplier D	Packaging and testing services	190,389	9.2	2007
5	Supplier E	Packaging and testing services	173,906	8.3	2007
Total			<u>1,919,575</u>	<u>92.3</u>	

Year Ended December 31, 2023

No.	Supplier	Products/ services provided	Purchase amount (RMB in thousand)	% of total purchase	Year of commencement of business relationship with us
1	Supplier A	Wafer	905,878	55.2	2007
2	Supplier B	Packaging and testing services	212,301	12.9	2007
3	Supplier D	Packaging and testing services	159,733	9.7	2007
4	Supplier C	Wafer	125,426	7.6	2019
5	Supplier E	Packaging and testing services	114,179	7.0	2007
Total			<u>1,517,517</u>	<u>92.4</u>	

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To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major suppliers. Save for the equity interests previously held by one of our executive Directors, in Supplier E and Supplier B, which were fully divested in 2022 and 2023, respectively, none of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest suppliers in each year during the Track Record Period.

Salient terms of our agreements with major suppliers typically include:

- *Duration.* The duration of our agreement typically spans at least two years.
- *Price.* The price is specified in the purchase orders.
- *Transfer of Risk.* The risk transfers to us after we complete inspection and confirm receipt of the products.
- *Product Return or Exchange.* We have the right to return or exchange products if there are reasonable grounds, such as product defects.
- *Termination.* We are entitled to terminate the purchase order when the supplier fails to perform and does not make timely corrections after receipt of our written notice.

Supplier Concentration

During the Track Record Period, we procured wafers and packaging and testing services from our suppliers. According to Frost & Sullivan, supplier concentration is in line with the industry norm in the analog IC industry. We have developed long-term and stable cooperative relationships with our major suppliers to ensure quality consistency of our products and centralized management of manufacturing demands. Our familiarity with the suppliers' technical parameters not only supports the smooth launch and continuity of R&D projects, but also helps us quickly resolve any issues that may arise during the R&D and manufacturing processes. As we source a significant portion of wafers and packaging and testing services from our major suppliers, if our relationships with our major suppliers are terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business. See "Risk Factors — Risks Relating to Our Business and Industry — We depend on a limited number of third-party suppliers to manufacture our products" for more details.

We have implemented several measures to mitigate the potential risks associated with supplier concentration. We have expanded our procurement network to include more foundries and OSAT providers, to strengthen our collaborative relationships with existing suppliers. We dynamically allocate order volumes among our major suppliers to avoid over-reliance on any single entity. We proactively identify and qualify second sources for our key products and process technologies as part of our risk management strategy to ensure supply continuity. We maintain a safety stock of key materials and finished goods to buffer against unforeseen supply fluctuations or disruptions.

We have maintained long-term and stable relationships with our major suppliers. We have implemented a supply chain diversification strategy and collaborate with multiple leading foundries and are continuously qualifying alternative suppliers for our key processes. This strategy enhances our supply chain resilience and provides us with the flexibility to reallocate production orders if necessary. The proportion of our total purchases from our largest supplier has decreased during the Track Record Period. Furthermore, a significant portion of our products utilize mature process technologies for

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which there is ample and available capacity from a wide range of foundries. This reduces our dependence on any single supplier and ensures supply continuity.

During the Track Record Period, Supplier A was our largest supplier but not our exclusive supplier for raw materials. We selected Supplier A based on a comprehensive assessment of its technical capabilities, process technologies and quality performance. We have maintained a business relationship with Supplier A since our inception and have established a long-term and stable collaboration. We have maintained a constructive working relationship and did not experience any material disputes with Supplier A during the Track Record Period and up to the Latest Practicable Date. Based on the foregoing factors, our Directors are of the view that our relationship with Supplier A is unlikely to have any material adverse change or be terminated.

OUR SALES NETWORK

We sell our products through a combination of distribution channels and direct sales. We primarily rely on professional distributors to promote and sell our products. According to Frost & Sullivan, engagement of distributors for the sales of products is in line with the industry norm in the analog IC industry. During the Track Record Period, a majority of our revenue was generated from our distributors. The table below sets forth a breakdown of revenue contribution by sales channels for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Distribution sales	2,388,799	91.3	2,999,044	89.6	3,609,911	92.6
Direct sales	226,917	8.7	347,939	10.4	280,648	7.2
Others ⁽¹⁾	—	—	—	—	7,496	0.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

Notes:

(1) Others primarily include our technology services' revenue.

Our Distribution Channels

For analog IC companies with a wide variety of products and a widely distributed customer base, adopting a distribution model is a common practice. The distribution model can efficiently cover end markets and satisfy fragmented industry demand. Distributor networks provide localized service capabilities, handling orders, settlement, and delivery, thereby reducing our operating costs. In addition, distributors have advantages in the accumulation of customer resources and cross-regional services, helping us acquire new customers. Through the distribution model, we are also able to leverage our distributors' local presence and market knowledge to effectively acquire new customers and penetrate new regional markets.

Our cooperation model with distributors is a buyout model: distributors purchase our products and then resell them to end customers, and bear most of the inventory risk themselves. During the Track Record Period, we identified no material outstanding non-compliance incidents involving distributors.

As of December 31, 2025, we had 169 distributors. Our distributors are primarily located in the Chinese Mainland, Hong Kong, Taiwan (China), Singapore, Germany, South Korea, Japan and other

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regions, supplemented by cross-regional distributors operating across multiple areas. The following table sets forth the movement in the number of our distributors during the years indicated.

	Year Ended December 31,		
	2023	2024	2025
Distributor at the beginning of year	96	105	106
Addition of new distributors	9	7	70
Terminated distributors	0	6	7
Distributors at the end of year	105	106	169

We engaged nine, seven and 70 new distributors in 2023, 2024 and 2025, and terminated zero, six and seven distributors during the years indicated, respectively. The increase in 2025 was primarily due to the acquisition and integration of two companies primarily engaged in distribution, whose distributor networks were subsequently consolidated into our own as part of our efforts to broaden our distribution reach. During the Track Record Period, we did not engage any sub-distributors. Given the broad and fragmented customer base typical of the analog IC industry, our distribution agreement does not strictly prohibit distributors from selling products to sub-distributors. Some practitioners engaged in IC trading will purchase goods from our distributors with smaller order volumes. These businesses are very small, scattered, and not long-term, so there is no need for them to report to us. According to Frost & Sullivan, this model aligns with the industry norm. Our transparent management system safeguards the stability of our distribution network. During the Track Record Period and up to the Latest Practicable Date, we had no material outstanding disputes or litigation with our distributors.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties. To the best of our knowledge, besides the distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders who own 5% or more of the total issued Shares, Directors or senior management or any of their respective associates.

Principal Contractual Terms with Distributors

The key terms of the contracts we entered into with distributors are as follows:

- *Term.* The duration of our agreement spans a period of two years.
- *Purchase.* Purchases are made through individual purchase orders placed by our distributors. Our agreements do not include a minimum purchase commitment.
- *Selling Price.* The purchase price for our products is confirmed in each individual purchase order.
- *Product Return or Exchange.* Generally, we allow product returns or exchanges for distributors under specific circumstances. Distributors are generally entitled to a certain return quota provided that the returned products have not been damaged or altered and remain in a resalable condition. If the products were purchased directly from us within the past year, the product return request must be approved by us in advance. The return process is as follows: the distributor submits a return application; our customer service department verifies the return amount and whether the product satisfies the aforementioned conditions; upon successful verification, our vice president must grant final approval before the return can be executed.

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- *Termination.* Generally, the contract may be terminated if the distributor fails to perform its obligations. We are entitled to unilaterally terminate the agreement under the circumstances including (i) there is a material adverse change in the distributor's management or ownership; (ii) the distributor violates applicable laws and regulations; or (iii) the distributor enters into bankruptcy or liquidation.

During the Track Record Period, the product return rates from our distributors remained at a low level, accounting for less than 2% of our total distribution revenue during the Track Record Period. According to Frost & Sullivan, our return policy with distributors is consistent with the industry norm.

Distributor Management

An effective management system has been set up for our distributors to maintain the long-term and stable relationships with our distributors.

- *Selection.* We are prudent in selecting our distribution partners, seeking to establish long-term relationships based on mutual trust.
- *Performance Review.* We achieve mutually agreed-upon sales targets with distributors.
- *Price Management.* We manage the price range for their resale to end customers. This strategy is designed to maintain a stable and consistent pricing structure, ensuring consistent price management across our entire distribution channel.
- *Cannibalization Management.* We have established and strictly enforce a channel management system to prevent unauthorized sales and other forms of cannibalization, ensuring that our pricing system and market order will not be disrupted.
- *Distributor Inventory Management.* Distributors are responsible for managing their own inventory. To enhance supply flexibility, our distributors typically maintain a reasonable level of safety stock to better service the end customers.
- *Channel Stuffing Management.* We operate on a buyout model, meaning our distributors purchase products for resale and bear the primary inventory risk.

Our Direct Sales

We have adopted a direct sales model, which serves as an effective complement to our distribution network. This approach allows us to address the specific needs of different customer types. Our direct sales customers are primarily distributed across sectors such as consumer electronics, automotive, networking & computing and industrial, comprising enterprises engaged in manufacturing, research and development, and sales operations within their respective industries. Under this model, we enter into sales agreements directly with these end customers and are responsible for the entire sales process, including order processing, product delivery and payment settlement. This allows for a streamlined transaction and service workflow managed entirely by us.

Pricing

We adopt a market-based pricing approach. Our pricing takes into account a comprehensive set of factors, including market conditions in application fields, transaction volume, growth potential, the competitive landscape, and cost considerations. In our pricing strategy, we adopt a long-term, stable, and sustainable pricing model. Our pricing is based on the product's long-term value, quality and customers' recognition of the brand.

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As of December 31, 2025, our sales team totaled over 200 people, including sales and field application engineering teams. We have overseas sales teams in Germany and Japan, and our distributors cover Europe and other regions worldwide. After product release, we develop the market through routine methods such as website updates, advertising, technical seminars, and distributor promotion. We focus on customer needs to continuously strengthen our comprehensive development capabilities for new products. This enables us to gradually establish a market position as a comprehensive supplier with complementary multi-product lines and broad market support capabilities.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of distributors and direct sales customers. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period together generated RMB974.2 million, RMB1,190.0 million and RMB1,291.3 million of revenue, respectively, accounting for 37.3%, 35.6% and 33.1% of our total revenue, respectively. All of our five largest customers in each year during the Track Record Period were Independent Third Parties.

The following table sets forth the details of our five largest customers each year during the Track Record Period. In each year during the Track Record Period, our five largest customers consisted of distributors.

Year Ended December 31, 2025

No.	Customer	Products sold	Revenue	% of total revenue	Year of commencement of business relationship with us
			(RMB in thousand)		
1	Customer A ⁽¹⁾	Signal chain ICs and power management ICs	303,593	7.8	2015
2	Customer B ⁽²⁾	Signal chain ICs and power management ICs	263,998	6.8	2019
3	Customer C ⁽³⁾	Signal chain ICs and power management ICs	243,063	6.2	2008
4	Customer D ⁽⁴⁾	Signal chain ICs and power management ICs	242,796	6.2	2007
5	Customer E ⁽⁵⁾	Signal chain ICs and power management ICs	237,808	6.1	2007
Total			1,291,258	33.1	

Notes:

- (1) A public company originated and located in Guangdong, China and listed on the Shenzhen Stock Exchange, engaged in the sales of semiconductor products.
- (2) A public company originated and located in Taiwan, China and listed on the Taiwan Stock Exchange, engaged in the sales of semiconductor products.
- (3) A private company originated and located in Guangdong, China, engaged in the sales of semiconductor products.
- (4) A private company originated and located in Guangdong, China, engaged in the sales of semiconductor products.
- (5) A private company originated and located in Hong Kong, engaged in the sales of semiconductor products.

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Year Ended December 31, 2024

No.	Customer	Products sold	Revenue	% of total revenue	Year of commencement of business relationship with us
			(RMB in thousand)		
1	Customer C	See above	312,564	9.3	2008
2	Customer A	See above	268,954	8.0	2015
3	Customer F ⁽¹⁾	Signal chain ICs and power management ICs	218,554	6.5	2007
4	Customer B	See above	201,142	6.0	2019
5	Customer G ⁽²⁾	Signal chain ICs and power management ICs	188,820	5.8	2007
Total			1,190,034	35.6	

Notes:

(1) A private company originated and located in Guangdong, China, engaged in the sales of semiconductor products.

(2) A private company originated and located in Hong Kong, engaged in the sales of semiconductor products.

Year Ended December 31, 2023

No.	Customer	Products sold	Revenue	% of total revenue	Year of commencement of business relationship with us
			(RMB in thousand)		
1	Customer C	See above	251,420	9.6	2008
2	Customer H ⁽¹⁾	Signal chain ICs and power management ICs	195,355	7.5	2017
3	Customer F	See above	191,132	7.3	2007
4	Customer A	See above	175,020	6.7	2015
5	Customer B	See above	161,290	6.2	2019
Total			974,217	37.3	

Note:

(1) A public company originated and located in the United States and listed on the NASDAQ Stock Exchange, engaged in the sales of semiconductor products.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers in each year during the Track Record Period.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents, IC layouts and other intellectual property rights related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the intellectual property rights of third parties.

As of December 31, 2025, we had 588 granted patents in China and overseas, including 497 invention patents. As of the same date, we had 401 registered IC layouts and 156 registered trademarks in China and overseas.

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DATA SECURITY

We attach the greatest importance to data security and protection. We categorize our data management systems into business, office, and R&D data. Our information architecture is centered on SAP ERP, complemented by PLM for R&D management, MES for manufacturing, OA for office management, distributor management and sales, and WMS for warehousing and logistics systems, covering key processes such as product and R&D management, sales and customer management, procurement and supply chain collaboration, inventory and cost control, and quality oversight. We have established a distributor management database to record and manage information on distributors, but we do not collect sensitive personal information from distributors or customers. We collect basic contact information of contact persons from our suppliers, distributors and customers for the purposes of contract performance and business communication.

To strengthen data protection, we have formulated an information security management scheme that sets out overall guidance and principles, under which we have established policies and procedures for system operations management and confidentiality. We have adopted our standard protective measures including network attack monitoring and prevention, confidentiality categorization, access control and data backup to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data. Our IT Department oversees our digital development and maintains data security. Together, these measures form a robust security framework that protects our data and upholds strict information security standards.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

For the delivery of all finished goods from our warehouse to locations specified by our customers, we engage qualified third-party logistics service providers. To ensure compliance and efficient delivery, we set strict standards for the transportation of our products and conduct regular evaluations. In the supply chain, for wafer procurement, we typically arrange for our designated freight forwarder to collect the goods from the foundry. For packaging and testing services, our major suppliers are generally responsible for delivering the finished goods to our designated locations. As of the Latest Practicable Date, our business operations have not been materially or adversely affected by any significant delay or inappropriate handling of goods.

Inventory Management

Our main inventories include raw materials, work-in-progress and finished goods. We emphasize inventory management and implement various policies to ensure effective inventory management, including continuous monitoring of safety stock and continuous attention to inventory turnover. Our warehouse specialists regularly perform periodic stock counts and evaluations. Our production planning specialists refer to inventory levels when formulating procurement plans. The production planning manager performs inventory analysis based on inventory conditions and formulates new production plans.

QUALITY MANAGEMENT

We are committed to providing our customers with high-performance and high-quality products. We have established a rigorous and comprehensive quality assurance system that is guided by our quality policy. Our commitment to quality is embedded throughout our entire product lifecycle, from R&D to supply chain management to post-sales service.

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Supply Chain Quality Management

Since we operate under a fabless model, the quality of our products is dependent on the performance of our third-party supply chain partners. We have implemented a stringent and systematic quality control framework to manage our key suppliers, primarily foundries and OSAT providers.

Foundries

We procure wafers from world-leading foundries. Before a foundry can be added to our approved vendor list, it must undergo a rigorous factory process audit conducted by our quality and technology teams. We require our foundry partners to adhere to foundry quality management specifications. To ensure quality consistency, we conduct periodic on-site audits of our foundry partners, after which they are required to submit corrective action plans as required. The agreements we enter into with our foundry partners reserve us with the right to claim compensation for or return wafers that fail to meet agreed-upon specifications.

Packaging and Testing Providers (OSAT Providers)

We engage leading OSAT providers to provide packaging and testing services. Similar to our foundry partners, each OSAT provider must pass a comprehensive on-site audit and reliability verification to be included in our approved list. We issue our Packaging and Testing Quality Control Requirements to our packaging and testing providers and require their strict adherence.

Product Returns

We have established a customer complaint handling procedure to ensure that quality issues reported by customers are addressed in a timely, efficient, and professional manner. We allow product returns or exchanges for our customers under reasonable circumstances. During the Track Record Period and up to the Latest Practicable Date, we had not received any material complaints relating to product quality that had a material or adverse effect on our business, operations or financial condition.

Certifications

Our quality management system is established in accordance with the requirements of internationally recognized standards, including ISO 9001 and the automotive industry standard IATF 16949. We also adhere to stringent industry-specific standards such as ISO 26262 for automotive functional safety, as well as standards set by JEDEC and the Automotive Electronics Council (“AEC”).

COMPETITION

Due to the wide range of application scenarios and the diversity of product categories, the analog IC industry has developed into a fragmented market structure characterized by the coexistence of multiple players. According to Frost & Sullivan, the market size of China’s analog IC market increased from RMB157.0 billion in 2021 to RMB218.4 billion in 2025, and is expected to continue expanding at a CAGR of 12.2% from 2026 to 2030, reaching RMB389.4 billion by 2030.

The principal competitive factors in our market include technological accumulation, a comprehensive product portfolio, stable supply chain partnerships, and brand recognition. We have demonstrated strong market competitiveness and are recognized as a leading domestic analog IC company. See “Industry Overview — China’s Analog IC Market Competition Analysis — Rankings

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and Market Share Analysis of Analog IC Companies” for more details. We remain focused on leveraging our R&D capabilities and comprehensive product portfolio to enhance our position in the market.

AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

<u>Award/Recognition</u>	<u>Award Authority</u>	<u>Award Year</u>
China Patent Excellence Award	China National Intellectual Property Administration and the World Intellectual Property Organization	2024
National Intellectual Property Demonstration Enterprise	China National Intellectual Property Administration	2025, 2024, 2023
Beijing Invention Patent Award	Beijing Intellectual Property Office	2024, 2023
Top 10 China IC Design Companies	AspenCore	2025, 2024, 2023
Innovative Product of the Year Award at the Global Electronic Achievement Awards	AspenCore	2025, 2024, 2023
Best Power Management IC of the Year	AspenCore	2023

EMPLOYEES

As of December 31, 2025, we had 1,835 full-time employees. The following table sets forth the number of our employees by function:

<u>Employee Function</u>	<u>Number of Employees</u>	<u>% of Total</u>
Technology	1,359	74.06
Sales and Marketing	259	14.11
Production	118	6.43
Administration	99	5.40
Total	1,835	100.00

To conduct human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment and training, among others. See “— Environmental, Social and Governance — Social Responsibility — Employment and Labor Practices” for more details. We enter into standard labor contracts and confidentiality agreements with our full-time employees.

As required under PRC laws and 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, under which we make contributions at specific percentages of the salaries of our employees.

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We believe we maintain a good working relationship with our employees, and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period.

INSURANCE

We maintain insurance policies to cover various aspects of our business, including import and export cargo property insurance, domestic cargo property insurance and product liability insurance to secure our business continuity. Our product liability insurance generally covers our legal liability in respect of personal injury or property damage caused by accidents that occurred directly in connection with products we supplied. According to Frost & Sullivan, the coverage of our product liability insurance is in line with the market practice. We review our insurance policies timely to ensure their compliance with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with the general market practice.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See “Risk Factors — Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers, which would affect our business, financial condition and results of operations” for more details.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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. Our Board oversees our ESG strategy and is responsible for ensuring that we operate ethically, responsibly, and in compliance with all applicable laws and regulations. During the Track Record Period, we had not been subject to significant administrative penalties due to non-compliance with social, health, safety or environmental laws and regulations.

To demonstrate our commitment, we have established comprehensive management systems structured in accordance with or certified to internationally recognized standards, including ISO 9001, ISO 14001, ISO 45001, and ISO 26262. Our efforts and performance in the ESG field have also received widespread recognition. Our MSCI ESG rating has maintained at “BBB” for the past two years. Furthermore, in 2025, in recognition of our continuous innovation and practices in green and energy-saving technologies, we were honored with the “Annual Decarbonization & Energy Efficiency Leadership Award” by the Elexcon Shenzhen International Electronics Exhibition.

Looking forward, and to proactively address climate change, we have set clear long-term carbon reduction targets with 2025 as the baseline year: we aim to reduce our Scope 1 and Scope 2 carbon emissions per million RMB of revenue from our own operating sites by 50% by 2030, and by 90% by 2050. We have also extended our reduction goals to our value chain, aiming to reduce carbon emissions from purchased goods and services per million RMB of purchases by 25% by 2030, hoping to achieve these targets through continuous improvements in our ESG practices.

ESG Governance Structure

We attach great importance to ESG governance and believe that a robust governance structure is fundamental to the effective integration of ESG considerations into our strategy and operations. We

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have implemented an ESG management organizational structure to ensure the effective execution of our ESG strategies and policies. This structure is designed to provide clear lines of responsibility and facilitate both top-down oversight and bottom-up implementation. The structure is organized as follows:

- Our Board Office takes the lead in our ESG management system, responsible for the overall coordination and planning of our ESG initiatives and steering the relevant functional departments. Our Board has the ultimate responsibility for our ESG strategy and performance. The Board provides overall leadership and direction for our ESG initiatives, ensuring that they are aligned with our corporate strategy and the long-term interests of our shareholders and other stakeholders. The Board's responsibilities include, among others, reviewing and approving our material ESG policies and targets, overseeing the implementation of our ESG management systems, and monitoring our performance against our ESG objectives.
- Our various functional departments, including human resources, operations, quality, internal control, and information technology, are responsible for the implementation of specific ESG-related tasks and initiatives that fall within their respective areas of expertise.
- We have established an ESG Working Group to coordinate day-to-day ESG management, communication, and information disclosure. The ESG Working Group is also responsible for tracking progress against our ESG goals and reporting such progress and results to the Board on a regular basis.

We commenced issuing our ESG report in 2022. We release our ESG report on an annual basis in the first half of the year. We plan to continue disclosing relevant information on our ESG strategy, progress and performance in accordance with the requirements of the Stock Exchange and good international industry practice.

ESG Risk Management

We place a high priority on the identification, assessment, and management of ESG-related risks. We have established a systematic risk management framework to evaluate the potential impact of ESG issues on our business operations and financial performance and to formulate corresponding mitigation measures.

Potential Impacts of ESG-related Risks

We assessed the actual and potential climate-related and social impact on our business and identified the following risks and opportunities:

Climate-related Risks and Opportunities

We recognize that climate change poses both risks and opportunities to our business. Our operations and those of our key suppliers in the value chain could be susceptible to the following climate-related risks:

- *Transition Risks.* These risks arise from the transition to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes. These include (i) risks associated with increasingly stringent environmental laws and regulations, such as those

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related to carbon emissions and energy consumption, which could increase our compliance costs; and (ii) market risks related to shifts in customer preferences towards products with a smaller environmental footprint. Failure to align our products and operations with these trends could adversely affect our market competitiveness.

- *Physical Risks.* Our global operations and supply chain may be exposed to physical risks from climate change, such as extreme weather events. Such events could potentially disrupt our operations, interrupt our supply chain, and adversely impact our business.
- *Opportunities.* Concurrently, we believe the transition to a low-carbon economy presents opportunities for our business. Our strategic focus on “green R&D” and the development of high-efficiency, low-power consumption products positions us to meet the growing market demand for green and energy-saving technologies. We have generally optimized the design of analog ICs in various categories to reduce their own energy consumption, improve product competitiveness, provide customers with lower power consumption, more energy-saving and environmentally-friendly solutions, and promote end-products in the direction of green and low-carbon. We believe our commitment to sustainability and our portfolio of energy-efficient products enhance our brand reputation and provide us with a competitive advantage.

Social Risks

We face social risks primarily related to our supply chain and labor practices. Risks in our supply chain could arise from the failure of our suppliers to comply with applicable laws and our standards concerning environmental protection, labor rights, and health and safety. Such failures could lead to supply chain disruptions and reputational damage. See “ — Social Responsibility — Supply Chain Management” for more details.

Risk Identification, Assessment and Management Process

Our risk identification and management process involves the following key steps:

- *Risk Identification.* We identify and analyze potential risks from internal and external sources by taking into account our development strategy, the characteristics of the industry, and the macroeconomic environment.
- *Risk Assessment.* We assess the identified risks based on their nature, likelihood of occurrence, and the potential severity of their impact on our operations and strategy.
- *Risk Response.* Based on the assessment results, we formulate and implement targeted risk mitigation measures, which include continuously monitoring risks, updating our response plans, allocating necessary resources to ensure business continuity, and conducting relevant compliance training to enhance the risk management awareness of our employees. We have also established emergency response procedures to ensure that effective measures can be taken promptly in the event of an incident.

Environmental Protection

We are committed to operating our business in an environmentally responsible manner and minimizing our environmental footprint. We have implemented a comprehensive environmental management system and various initiatives to conserve energy, reduce emissions, and manage waste.

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We pay close attention to resource consumption and greenhouse gas (“GHG”) emissions in our operations, and we strive to optimize our routine practices to manage the environmental and climate-related risks arising from our business and production activities.

Metrics and Targets

We monitor our environmental performance by tracking key metrics related to our GHG emissions and resource consumption.

GHG Emissions

Our primary operations focus on R&D and sales of products under a fabless model. We mainly source wafers as our key raw materials, while delegating most of the associated packaging and testing procedures to external professional processing service providers. In addition to a testing base for product testing, neither our Company nor our subsidiaries are directly engaged in manufacturing activities. During the Track Record Period, we experienced an increase in GHG emissions as our number of employees and offices increased. The following table sets forth metrics on our GHG emissions during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
Scope 1 GHG emissions ⁽¹⁾ (tCO ₂ e)	11.23	12.59	11.35
Scope 2 GHG emissions ⁽²⁾ (tCO ₂ e)	3,840.40	4,235.59	6,276.17
Total GHG emissions	3,851.63	4,248.18	6,287.52

Notes:

1. Scope 1 GHG emissions are calculated based on natural gas consumption, gasoline consumption, diesel consumption and corresponding emission factors.
2. Scope 2 GHG emissions are calculated based on purchased electricity, purchased steam and corresponding emission factors.

We deeply recognize the importance of identifying and reducing Scope 3 GHG emissions as an integral part of our climate actions. Given the complexity of data collection within the value chain, we are currently enhancing our data gathering mechanism to ensure future compliance with relevant emission reporting requirements. We have initiated the assessment of our Scope 3 emissions at the beginning of 2025. As the data-collecting process from our key upstream partners matures, we intend to progressively disclose our Scope 3 GHG emissions in our future ESG reporting and, in due course, establish corresponding reduction targets.

To support this initiative, we will strengthen our collaboration with value chain partners to improve the availability and accuracy of carbon footprint data. Furthermore, we plan to implement specific measures to reduce Scope 3 emissions, including collaborating with suppliers who demonstrate lower carbon emissions intensity while maintaining product standards, and encouraging employees to opt for low-carbon transportation methods.

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Resource Consumption

We primarily utilize resources such as electricity, water, natural gas and fuel in our daily operations. We actively promote energy saving and consumption reduction to optimize resource usage. The following table sets forth metrics on our greenhouse gas emissions, electricity and water consumption during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
Natural gas consumption (m ³)	4,217.00	4,913.82	4,104.03
Fuel consumption (L)	970.00	889.49	1,081.80
Water consumption (m ³)	10,148.00	12,630.16	26,562.80
Electricity consumption (kWh)	6,734,013.00	7,893,380.47	11,615,082.65

Carbon Reduction Targets

To proactively address climate change and align with national and global decarbonization goals, we have set long-term carbon reduction targets. With 2025 as the baseline year, we aim to reduce our Scope 1 and Scope 2 carbon emissions per million RMB of revenue from our own operating sites by 10% by 2026, 20% by 2027, 30% by 2028, 50% by 2030, and 90% by 2050. With 2023 as the baseline year, we aim to reduce carbon emissions per million RMB of purchases by 5% by 2026, 10% by 2027, 15% by 2028, and by 25% by 2030. We aim to achieve these targets through continuous improvements in energy efficiency, promotion of green R&D, and other emission reduction initiatives.

Energy Conservation and Climate Actions

We established and implemented an environmental management system certified to the ISO 14001 standard. We have formulated our Environmental Management Manual to guide our daily operations. Our key initiatives to conserve energy and address climate change include:

- *Energy-efficient Operations.* We have implemented various energy-saving measures in our offices, such as utilizing energy-efficient LED lighting systems and promoting energy and water conservation awareness among our employees. We also encourage paperless operations by leveraging our online meeting systems and smart conference tablets. We use inverter air conditioners and strictly control the air conditioning temperature in accordance with company regulations. In the next three years, we plan to continuously optimize our energy usage structure. Specifically, we intend to utilize photovoltaic power generated from our own rooftops and purchase renewable electricity to reduce our reliance on traditional energy sources and lower our carbon footprint.
- *Green R&D.* We have integrated the concept of “Green R&D” into our product development process. We have accumulated a batch of core technologies, intellectual properties, and products in areas such as reducing chip power consumption, improving power conversion efficiency, optimizing processes, and minimizing chip area. Examples include ultra-low power series op amps, comparators, LDOs, boost and buck DC/DC converters, and more. We are dedicated to designing and developing products with low power consumption, smaller form factors, and high efficiency, thereby helping to reduce the energy consumption of end-user electronic devices.
- *Responsible Sourcing.* In the processes of raw material selection, wafer manufacturing, packaging and testing, we strictly require our supply chain partners to adhere to green

environmental standards. Our products strictly follow the RoHS directive to complete the corresponding investigation, confirmation, and testing work. Our products meet the EU REACH regulation's requirement that the content of SVHC substances is less than 0.1%. Our partners provide us with the latest third-party testing reports for raw materials and products, ensuring full compliance with environmental protection laws, regulations, and certification standards, thereby reducing the environmental impact during chip production, use, and after failure and disposal.

Waste Management

In addition to a testing base for product testing, neither our Company nor our subsidiaries are directly engaged in manufacturing activities. As a result, we do not generate large amounts of waste directly in the operational process. We have established procedures for proper management and disposal of waste generated from our daily operations. Our approach includes 100% source separation and clear labeling of all waste. We engage qualified and licensed third-party vendors for the collection and disposal of electronic waste, such as used cartridges and IT equipment, to ensure compliant and responsible handling.

Social Responsibility

Employment and Labor Practices

We believe that our employees are our most valuable asset and the core driver of our sustainable growth. We are committed to protecting the rights and interests of our employees, providing a safe and healthy work environment, and offering competitive remuneration and comprehensive development opportunities.

- *Employee Health and Occupational Safety.* We place the utmost importance on the health and safety of our employees. We have established a robust occupational health and safety management system, guided by our Occupational Health and Safety Manual and structured in accordance with the requirements of the ISO 45001 standard. We have implemented a range of measures to ensure a safe working environment, including providing regular safety training to all employees, conducting emergency drills such as fire drills, and performing routine safety inspections of our facilities and equipment. As a result of our efforts, during the Track Record Period, no major work-related accidents or work-related fatalities were recorded, our rate of recordable incidents was zero and our employee health checkup coverage rate was 100%.
- *Remuneration, Welfare and Employee Care.* We offer competitive compensation packages linked to corporate and individual performance. We are firmly committed to the principle of equal pay for equal work, irrespective of gender. In addition to statutory social insurance and housing provident funds, which cover 100% of our employees, we provide a comprehensive range of supplementary benefits, including annual health checkups, group accident insurance, paid sick leave, and festive allowances. We foster a caring and supportive corporate culture through various employee activities, including regular sports clubs and team-building events. Notably, we organize Women's Development Forum to support the personal and professional growth of our female employees.
- *Employee Development and Training.* We are committed to fostering the professional growth of our employees and have established a comprehensive training and development

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system. We offer dual-track career development pathways, thereby catering to diverse career aspirations. Our training system is designed to empower employees at all stages of their careers, featuring various technical training and programs for managers and new graduates. In 2025, our training initiatives covered 100% of our employees, with an average of 78.7 training hours per person.

- *Diversity and Equal Opportunity.* We are committed to creating a diverse, equitable, and inclusive workplace. We have established policies that ensure equal opportunity in all aspects of employment, including recruitment, promotion, and remuneration, strictly prohibiting discrimination based on race, gender, religion, age, disability, or any other personal characteristic. Furthermore, our policies explicitly forbid any form of harassment. We have a zero-tolerance policy towards child labor and forced labor. In furtherance of our commitment to diversity, we actively hire disabled persons to offer them employment opportunities. As of December 31, 2025, we employed 15 individuals with disabilities.

We have a diverse employee composition. The table below sets forth our employee composition as of December 31, 2025, in terms of gender, age and education level:

	<u>Number of Employees</u>
By Gender	
Male	1,211
Female	624
By Age	
50 and above	66
40 to 49	315
30 to 39	672
Below 30	782
By Education	
Doctorate	23
Master's	870
Bachelor's and below	942
Total	<u><u>1,835</u></u>

Supply Chain Management

We recognize that a responsible and resilient supply chain is critical to our business. We have implemented a rigorous supply chain management system to ensure that our suppliers adhere to the same high standards of environmental, social, and ethical conduct that we uphold.

- *Supplier ESG Management.* Our supplier management process integrates comprehensive ESG criteria. When onboarding new suppliers, we conduct a multi-dimensional assessment that includes their environmental and social responsibility performance. We require our suppliers to obtain and maintain key management system certifications, including ISO 14001 and ISO 45001. We encourage and support suppliers in implementing sustainable development, prioritizing those with low energy consumption and low emissions. We conduct regular performance evaluations of our suppliers, and those who fail to meet our standards are required to implement corrective actions or risk termination of our business relationship.

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- *Responsible Sourcing and Conflict Minerals Management.* We are highly committed to responsible sourcing of minerals. We have a zero-tolerance policy for conflict minerals. We utilize the Conflict Minerals Reporting Template developed by the Responsible Minerals Initiative to survey our suppliers and ensure the traceability of minerals such as tin, tantalum, tungsten, and gold. We have also incorporated conflict-free sourcing requirements into our agreements with suppliers.

Product Responsibility

We are committed to providing our customers with high-performance, high-quality products. We have established a comprehensive quality assurance system that has been certified to internationally recognized standards, including ISO 9001 quality management system and ISO 26262 for automotive functional safety. Our quality control measures are embedded throughout the entire product lifecycle, from design and development to production to post-sales service. To ensure that we consistently meet and exceed customer expectations, we have implemented a customer complaint handling procedure, which ensures that all customer feedback is addressed in a timely and effective manner. We continuously monitor customer satisfaction, and for the year 2025, we achieved a weighted customer satisfaction score of 92.88%.

Anti-corruption

We are resolutely committed to upholding the highest standards of business ethics and integrity in all our operations. We strictly prohibit any form of bribery, corruption, extortion, and fraud. To ensure adherence to this principle, we have established and rigorously implemented our Integrity and Anti-corruption Management Regulations, which apply to all employees and business partners. Our Audit Committee is responsible for the oversight of matters concerning commercial ethics and anti-corruption. We conduct regular anti-corruption training for all employees to enhance their awareness of and compliance with our ethical standards. Furthermore, all employees in sensitive roles, such as marketing and procurement, are required to sign an Integrity and Anti-corruption Commitment Letter, reinforcing their obligation to conduct business ethically.

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material legal proceedings or subject to any penalties in relation to bribery, extortion, fraud, and money laundering.

Community Investment

We believe that our long-term success is intrinsically linked to the well-being of the communities in which we operate. We are committed to being responsible corporate citizens and actively seek opportunities to make positive contributions to society. Our community investment strategy is primarily focused on supporting education and nurturing future talent for the industry, which we believe creates shared value for both society and our Company. We actively collaborate with charitable foundations to carry out public welfare activities. Our initiatives include programs aimed at supporting the educational pursuits of students. We have provided scholarships and teaching awards to multiple universities to encourage academic excellence and support faculty development. We also engage with the next generation of engineers by sponsoring events such as student chip design competitions, providing a platform for them to innovate and apply their knowledge to real-world challenges.

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PROPERTY

Our headquarters is in Beijing, China. According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, 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 interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets.

Owned Property

As of the Latest Practicable Date, we owned two properties in Harbin and Jiangyin City, corresponding to nine real estate ownership certificates, with an aggregate gross floor area of approximately 43,786.61 sq. m., which were mainly used in our business operations.

Leased Property

As of the Latest Practicable Date, we primarily leased 25 properties in China with an aggregate gross floor area of 21,405.82 sq.m. mainly as our offices. We believe that there is sufficient supply of properties in Chinese Mainland, and we do not rely on the existing leases for our business operations. We believe that our current facilities are adequate to meet our current needs.

As of the Latest Practicable Date, we did not obtain title documents for certain leased properties from lessors. In addition, we had not obtained the registration of lease agreements for 13 of our leased properties in the PRC, two of which were in the process of registration as of the Latest Practicable Date. In accordance with the relevant PRC laws and regulations, failure to complete the registration and filing of lease agreements will not affect the validity of the lease agreements, but we may be subject to a penalty ranging from RMB 1,000 to RMB10,000 for each non-registered lease if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant competent authorities.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals, and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

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The following table sets forth certain material licenses, approvals and permits:

License/Approval/Permit	Granting Authority	Registration Date	Expiration Date
Customs Broker Registration Certificate	Zhongguancun Customs, PRC	June 26, 2012	N/A
Customs Broker Registration Certificate	Pudong Customs, PRC	August 31, 2018	N/A
Customs Broker Registration Certificate	Wujin Office, Changzhou Customs, PRC	June 1, 2021	N/A
Customs Broker Registration Certificate	Pudong Customs, PRC	August 31, 2021	N/A
Customs Broker Registration Certificate	Jiangyin Customs, PRC	March 15, 2022	N/A
Customs Broker Registration Certificate	Xiaoran Office, Qianjiang Customs, PRC	December 5, 2022	N/A
Customs Broker Registration Certificate	Shanghai-Xuhui Customs, PRC	March 28, 2023	N/A
Customs Broker Registration Certificate	Bingcheng Customs, PRC	March 7, 2024	N/A
Customs Broker Registration Certificate	Fuzhong Customs, PRC	April 7, 2026	N/A

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations and financial condition.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance matters that have led to significant administrative penalties that we believe would have a material adverse effect on our business, results of operations and financial condition. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, the Group had complied with the applicable Listing Rules and securities laws, and the applicable laws and regulations in all material respects. Based on the due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would reasonably cause them to disagree with the Directors.

THE IMPACT OF COVID-19

Since the first quarter of 2020, the global economy has been disrupted by the onset of the COVID-19 pandemic. To contain the spread, the PRC government and authorities worldwide enforced various containment protocols, including travel restrictions, quarantines, remote working policies, and temporary business closures. However, by January 2023, substantially all restrictive measures within the PRC had been rescinded or relaxed.

During the pandemic, customs controls impeded the cross-border flow of raw materials, which contributed to the industry-wide wafer shortage and raw material price inflation witnessed in 2021 and 2022. Nevertheless, the implications of COVID-19 on our general business operations and R&D progress remained manageable. During the Track Record Period and up to the Latest Practicable Date, we encountered no significant suspension of operations, nor were our product delivery capabilities

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materially impaired by the pandemic. We have maintained a stable financial performance over the Track Record Period and have not been significantly impacted by the pandemic. We adopted strict health and safety protocols in compliance with government guidelines to maintain our daily operations. Accordingly, our Directors are of the view that the COVID-19 outbreak has not had, and will not have, any material adverse impact on our business, financial condition or results of operations.

IMPACT OF THE OUTBOUND INVESTMENT RULE

Our Sanctions Legal Adviser is of the view that the Outbound Investment Rule will not have any material impact on the Global Offering, the operations, financial performance, or investment prospects of our Company for the reasons outlined below:

- We are a Covered Foreign Person. Our business constitutes “covered activities,” and investments by U.S. persons in us constitute “notifiable transactions” under the Outbound Investment Rule. However, they do not constitute “prohibited transactions” because our integrated circuits do not meet the criteria of advanced ICs or any other parameters under “prohibited transactions”.
- An investment by a U.S. person in a publicly traded security is exempted under the Outbound Investment Rule. Therefore, U.S. investors who acquire publicly traded shares in us are excepted from the notification requirements as long as the investment does not afford the U.S. persons rights beyond standard minority shareholder protections.
- Should the investments by U.S. persons be considered “notifiable transactions,” the obligation to report the “notifiable transactions” to the U.S. Department of the Treasury falls on the U.S. persons if they subscribe for the Shares in the Global Offering, but not on us. Investments by persons other than U.S. persons are not subject to the Outbound Investment Rule.

Based on the factors above, nothing has come to the Joint Sponsors’ attention that would reasonably cause them to disagree with the Directors’ view above. Nonetheless, the Outbound Investment Rule may increase the compliance burden on U.S. investors if any U.S. investors intend to purchase shares before the initial public offering or if future U.S. investors intend to make other types of “covered transactions.” See “Risk Factors — Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, export controls, economic or trade sanctions, investment restrictions, geopolitics and trade protection measures such as unreasonable tariff arrangements, and our business, financial condition and results of operations could be adversely affected” for more details. See “Regulatory Overview — Outbound Investment Rule by the U.S. Department of the Treasury” for details of the Outbound Investment Rule.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. We have formulated and implemented our Procedures for the Control of Risks and Opportunities to guide our risk management efforts. Our Board is responsible for the establishment and updating of our internal control systems, while our audit committee monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

Operational Risk Management

We are faced with operational risks relating to our daily operations, which primarily arise from inadequate or failed internal controls and systems, human errors, IT system failures or external events. We consider these operational risks to be the key risks in our business and believe that, with adequate operational policies and procedures, these inherent risks can be controlled and mitigated. To ensure effective risk management, we have put in place a detailed risk management policy which sets out the main operational risks and risk control measures of each department within our Group. We conduct risk management evaluations on an annual basis, and our internal audit department will report the evaluation results to our Directors for further improvement.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including an accounting manual, budget management policies, treasury management policies, expense management policies, and employee reimbursement policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. For example, we implement our budget plan through the IT system and continuously track various operating expenses for effective monitoring. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them during daily operations.

Compliance Risk Management

We are subject to evolving regulatory requirements in the PRC, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations in different regions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the regions we operate to ensure we obtain requisite licenses to operate our business, and we have an up-to-date understanding of the applicable requirements. In addition, we monitor and review the status of our licenses and permits on a regular basis. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update our internal protocols accordingly.

Intellectual Property Risk Management

To ensure proper management of our intellectual property and avoid litigation concerning intellectual property infringement, we have implemented various internal policies and established an internal intellectual property management system. As a technology-intensive company, we have been and may continue to be subject to claims from companies holding patents or other intellectual property rights, alleging infringement of such rights or otherwise asserting their rights and urging us to obtain licenses in the course of our operations. See “Risk Factors—We may be involved in intellectual property litigation and disputes, which could be costly and time-consuming, and an adverse outcome could materially and adversely affect our business, financial condition and results of operations” for more details.

Human Resources Risk Management

We have put in place a series of human resources policies and codes of conduct, which contains internal rules and guidelines regarding anti-corruption, conflicts of interest, confidentiality and intellectual property protection, work ethics, and fraud prevention mechanisms. We provide employees with regular training and guide employees to work in accordance with the policies and codes of conduct.

We have in place an anti-bribery and corruption policy to safeguard against any corruption within our Group. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. We make our internal reporting channel open and available for our employees to report any bribery and corruption acts to the head of internal audit on an anonymous basis.

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The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, and our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in this prospectus, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our fiscal years ended December 31 of such years, respectively.

OVERVIEW

We are a leading analog IC company in China. We design, develop and sell analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. Since our founding in 2007, we have developed a comprehensive and expanding product portfolio that extends the reach of what electronics can achieve. With over 7,200 analog and sensor products spanning 38 categories as of the Latest Practicable Date, we offer system-ready solutions backed by robust design and process capabilities that shorten time-to-market. We deliver analog advances that move customers forward in every generation of their designs and innovations. Having long been core components in end markets such as industrial, networking and consumer electronics, our products are also contributing to broader uptake in applications across EVs, data centers, robotics, renewable energy and next-generation consumer devices.

We offer a wide, differentiated portfolio of general-purpose and application-optimized analog products, encompassing signal chain and power management, the twin pillars of our product matrix that define our role as a major provider of analog ICs. Our signal chain ICs help electronic devices interpret the physical world. They take signals that come from sensors and prepare them for digital processing. Our signal chain ICs capture, condition and amplify signals from the physical world and convert them into digital data with high accuracy. Our products maintain data integrity from the point of acquisition to the final output, which is important for applications that require precise measurement, low noise and minimal error. Our power management ICs control how energy is delivered within an electronic device. They determine how much power each part of a device receives, convert power into the levels required by different components and distribute power safely through the system. They also guard against issues such as surges or irregular power flow. By keeping power steady and well regulated, the products help systems operate reliably and use energy efficiently. Complementing our analog portfolio, we also provide a specialized range of sensors that mark the entry point of connection between the real and digital worlds, delivering high-precision measurement and monitoring of key environmental and physical parameters.

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In 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, representing a CAGR of 22.1% from 2023 to 2025. We maintained sustainable profitability throughout the Track Record Period. Our gross profit margin was 44.9%, 47.2%, and 46.2%, respectively. We recorded adjusted net profit (non-IFRS measure) of RMB388.7 million, RMB576.0 million, and RMB693.5 million, respectively.

BASIS OF PREPARATION AND PRESENTATION

The historical financial information of our Group has been prepared in accordance with IFRS Accounting Standards which comprise all standards and interpretations approved by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRS Accounting Standards requires the use of certain material accounting policy information. It also requires management to make judgments, estimates and assumptions in the process of applying our accounting policies. 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 the Accountants' Report included in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, materially affected by the following factors.

Company-specific Factors

General market conditions in our industry

We primarily engage in designing, developing and selling analog ICs, and our business and financial condition are affected by the global and China's analog IC market conditions. These market conditions are further substantially influenced by supply-demand dynamics, which are subject to various factors beyond our control. Such factors include competition, technological advancements, as well as shifting downstream market preferences. If the supply of analog ICs exceeds demand, the market dynamics for our products could be adversely affected. According to Frost & Sullivan, China's analog IC industry experienced a cyclical downturn in 2023, primarily due to macroeconomic challenges and weak overall semiconductor demand. Our revenue in 2023 declined compared to the prior year.

Notably, the industry began to show signs of recovery in 2024 and we have achieved growth and outperformed industry cycles by delivering high-performance solutions that meet specific industry and customer demands. We are deeply embedded in the technological evolution of high-growth sectors and we will continue to leverage our technological capabilities, deepen customer insights and strengthen our market position to drive steady growth and enhance profitability.

Our ability to diversify and expand our product offerings

Our competitive strength lies in our diverse and adaptable product offerings that cater to a wide range of needs, and our comprehensive analog portfolio strengthens our operational resilience against cyclical fluctuations. The ability to offer diversified analog ICs is one of the most important factors affecting our results of operations and financial condition. We have engineered the most comprehensive analog and sensor portfolio in China, according to Frost & Sullivan, with over 7,200 products across 38 categories, providing our customers with distinctive breadth and depth to address complex design challenges across industries. In 2023, 2024 and 2025, we achieved sales volume of 4,498.1 million units, 5,964.1 million units, and 7,862.7 million units, respectively.

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The mix of analog IC products and the price of each product we provide are also among the primary factors that affect our revenue and profitability. During the Track Record Period, we primarily derived our revenue from the sale of signal chain ICs and power management ICs. We maintained sustainable profitability throughout the Track Record Period despite the industry downturn in 2023. In 2023, 2024 and 2025, our revenue was RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively, and our adjusted net profit (non-IFRS measure) was RMB388.7 million, RMB576.0 million and RMB693.5 million, respectively. Our product mix may fluctuate in response to the technological changes in the industries and markets to which our products are sold, and the changes in market demand. We aim to further enrich our product portfolio in the future.

Continuous investment in R&D talent and technologies

To maintain our competitiveness in the global and China's analog IC industry and achieve sustainable growth, we must continuously integrate new technologies into our products in a timely and effective manner to meet the ever-changing needs of our customers. Building on our extensive R&D expertise in analog ICs, we are accelerating R&D and core IP expansion in critical analog domains to drive technological breakthroughs across our entire product portfolio.

Leveraging our proprietary technologies, our analog ICs have achieved reliability and stability in accordance with industry standards, and we are able to supply end customers with a highly dependable and diverse product offering. To extend our technology leadership in the analog IC industry, we have made significant investments in upgrading our technology capabilities and R&D infrastructure. In 2023, 2024 and 2025, we incurred R&D expenses of RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively. Going forward, we will continue to invest resources in R&D to support the long-term growth of our business.

The growth of our business also depends largely on our R&D talent pool. We have established a comprehensive R&D system and training mechanism to cultivate our R&D team. As of December 31, 2025, our R&D team comprised 1,335 research and engineering personnel, accounting for approximately 72.8% of our total number of employees. Our R&D team members possess profound professional expertise, with 56.3% holding a master's degree or above. More than 31% of our R&D team have accrued more than ten years of domain expertise, including a core group of approximately 100 personnel with over two decades of expertise in their fields. As we believe our success will significantly depend on our ability to maintain a leading R&D team in our industry, we will continue to invest additional resources to attract more R&D talent.

Our ability to efficiently manage our sales network and enhance the market acceptance of our products

During the Track Record Period, we strategically collaborated with distributors to expand our market reach and effectively serve the needs of customers in various regions. We have made proactive efforts in product promotion and global market expansion, which have contributed significantly to the expansion of our market reach and customer base, and, as a result, the growth of our sales volume and revenue. During the Track Record Period, we primarily sold and marketed our products and provided services through distribution channels. In 2023, 2024 and 2025, our revenue generated from sales to distributors amounted to RMB2,388.8 million, RMB2,999.0 million and RMB3,609.9 million, respectively, accounting for 91.3%, 89.6% and 92.6%, respectively, of our revenue for the corresponding years. Our distributors amplify our market presence through their established networks

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and deep local insights. As a result, our ability to expand and efficiently manage our sales and distribution network remains critical to our business and financial performance.

In addition, we leverage our comprehensive product portfolio to meet the varied needs of customers across different industries. We monitor changes in market demand and leverage our strong technical capabilities to meet the escalating requirements of our customers for the performance and stability of analog IC products. This breadth in capabilities helps foster customer loyalty, enhance the market acceptance of our products and therefore increase our revenue. Our strategic partnerships with major customers further established us as a trusted provider in the market, while our reputation for reliability and innovation attracts new end customers across additional regions and sectors. In the future, we will continue to deepen our relationship with existing distributors, direct sales customers and our end customers, and expand sales channels to attract new customers in critical end markets.

Relationship with our major suppliers

We operate under a fabless model centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. During the Track Record Period, we established strong and long-term cooperation with several major suppliers for wafer fabrication, packaging and testing. See “Business—Our Business Model” and “Business—Supply Chain Management” for more details. Therefore, our ability to maintain long-term stable business relationships with our major suppliers to provide us with qualified wafers and packaging and testing services on a timely basis is crucial for our business development and results of operations. We believe our efficient supply chain management enables us to quickly launch and upgrade our product mix in response to customer demand. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

However, supply chain disruptions and manufacturing capacity limitations may result in delayed delivery. See “Risk Factors—Risks Relating to Our Business and Industry—We depend on a limited number of third-party suppliers to manufacture our products” for more details. During the Track Record Period, we were not subject to shortages in the supply of raw materials or services from our suppliers. We do not anticipate any supply chain constraints that would materially and adversely affect our business and results of operations.

General Factors

In addition, our results of operations and financial position have been and are expected to be affected by the following general factors:

- global and China’s macroeconomic conditions;
- technology advancements and competition in the analog IC industry; and
- relevant laws and regulations, and governmental policies and initiatives.

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our financial statements. In the application of our accounting policies, our management is required to make

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judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgments about the 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.

Our material accounting policies, as well as our key source of estimation uncertainties, which are important for understanding our financial condition and results of operations, are set forth in Notes 2.3 and 3 to the Accountants' Report in Appendix I to this prospectus.

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RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated statements of profit or loss for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Revenue	2,615,716	3,346,983	3,898,055
Cost of sales	(1,440,156)	(1,766,139)	(2,095,593)
Gross profit	1,175,560	1,580,844	1,802,462
Other income and gains	120,963	108,309	193,378
Selling and marketing expenses	(198,571)	(234,184)	(258,450)
Administrative expenses	(91,409)	(106,086)	(125,874)
Research and development expenses	(737,074)	(870,747)	(1,045,195)
Impairment losses on financial assets and contract assets, net	(1,677)	(1,086)	(2,457)
Other expenses	(3,697)	(2,606)	(9,527)
Finance costs	(2,277)	(2,242)	(11,996)
Share of (losses)/profits of associates	(7,679)	12,581	7,549
Profit before tax	254,139	484,783	549,890
Income tax credit/(expense)	15,798	6,379	(15,515)
Profit for the year	269,937	491,162	534,375

Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS Accounting Standards, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS Accounting Standards.

We define adjusted net profit (non-IFRS measure) as profit for the year, excluding equity-settled share-based transactions. Equity-settled share-based transactions represent the non-cash employee benefit expenses incurred in connection with our award to key employees. Such expenses in any specific period are not expected to result in future cash payments.

The following table sets forth a reconciliation of our profit for the year to adjusted net profit (non-IFRS measure) for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Profit for the year	269,937	491,162	534,375
Add:			
Equity-settled share-based transactions	118,791	84,836	159,113
Adjusted net profit for the year (non-IFRS measure)	388,728	575,998	693,488

We believe that adjusted net profit (non-IFRS 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 non-IFRS measure does not have a standardized meaning prescribed by IFRS Accounting Standards, and our presentation of adjusted net profit (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted net profit (non-IFRS measure) has limitations as an analytical tool, and you should

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not consider it in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards.

KEY COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

Revenue by Product Type

During the Track Record Period, we primarily generated revenue from the sales of our signal chain ICs and power management ICs. We generally recognize revenue when our products have been delivered to our customers. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB2,615.7 million, RMB3,347.0 million and RMB3,898.1 million, respectively. The following table sets forth a breakdown of our revenue by product type, in absolute amounts and as a percentage of total revenue, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	1,746,024	66.8	2,181,660	65.2	2,379,834	61.1
Signal chain ICs	864,242	33.0	1,156,700	34.5	1,471,023	37.7
Others ⁽¹⁾	5,450	0.2	8,623	0.3	47,198	1.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our revenue from our sensor products and technology services. Technology services represented the service fees charged for providing customized development products for customers.

The following table sets forth the sales volume of our major products during the Track Record Period.

	Year Ended December 31,		
	2023	2024	2025
	<i>(Units in millions)</i>		
Power management ICs	3,060.6	3,934.6	5,022.8
Signal chain ICs	1,427.4	2,012.7	2,792.6

Revenue generated from sales of power management ICs amounted to RMB1,746.0 million, RMB2,181.7 million and RMB2,379.8 million, in 2023, 2024 and 2025, respectively, accounting for 66.8%, 65.2% and 61.1% of our total revenue for the same years, respectively. In 2023, despite the downturn in the analog IC market, the sales volume of our power management ICs still reached over 3,000 million units, primarily because our products have gained market recognition with a growing customer base. Besides, in response to market dynamics, our product portfolio was adjusted accordingly. The sales volume of our power management ICs increased to 3,934.6 million units in 2024, and further increased to 5,022.8 million units in 2025, which was mainly driven by the rapid growth in the market demand for our power management ICs in recognition of the premium quality and overall recovery of the analog IC industry.

Revenue generated from sales of signal chain ICs amounted to RMB864.2 million, RMB1,156.7 million, and RMB1,471.0 million, in 2023, 2024 and 2025, respectively, accounting for 33.0%, 34.5%, and 37.7% of our total revenue for the same years, respectively. From 2024, consumer electronics shipments began to recover, and the analog IC market accordingly resumed its growth

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trajectory. The sales volume of our signal chain ICs then increased significantly to 2,012.7 million units in 2024, and further increased to 2,792.6 million units in 2025, which was mainly driven by the rapid growth in the market demand for our signal chain ICs in recognition of the premium quality and overall recovery of the analog IC industry.

Revenue by Geographic Location

During the Track Record Period, we generated revenue from multiple regions primarily including Hong Kong, the Chinese Mainland and Taiwan. The following table sets forth a breakdown of our revenue by geographic market for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Hong Kong	1,358,701	51.9	1,484,881	44.4	1,921,049	49.3
Chinese Mainland	1,042,216	39.8	1,497,608	44.7	1,635,122	41.9
Taiwan	91,117	3.5	134,205	4.0	171,691	4.4
Others ⁽¹⁾	123,682	4.8	230,289	6.9	170,193	4.4
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

Note:

(1) Others primarily include our revenue from Singapore, Germany, South Korea and Japan.

Revenue by Sales Channel

During the Track Record Period, we operated through two main sales channels: (i) distribution sales, and (ii) direct sales. We strategically collaborated with distributors to expand our market reach and effectively serve the needs of customers in various regions. In our direct sales model, we sell products directly to end customers, providing products that meet their specific operational needs.

The following table sets forth a breakdown of our revenue by sales channel, in absolute amounts and as a percentage of our revenue, for the years indicated:

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentages)</i>					
Distribution sales	2,388,799	91.3	2,999,044	89.6	3,609,911	92.6
Direct sales	226,917	8.7	347,939	10.4	280,648	7.2
Others ⁽¹⁾	—	—	—	—	7,496	0.2
Total	2,615,716	100.0	3,346,983	100.0	3,898,055	100.0

(1) Others primarily include our technology services' revenue.

Cost of Sales

Our cost of sales consists primarily of costs of wafers, costs of packaging and testing, other costs, and impairment loss of inventories. For the years ended December 31, 2023, 2024 and 2025, our cost of sales amounted to RMB1,440.2 million, RMB1,766.1 million, and RMB2,095.6 million, respectively.

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The following table sets forth a breakdown of our cost of sales by nature, in absolute amounts and as percentages of total cost of sales, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Costs of wafers	656,690	45.6	861,037	48.8	964,819	46.0
Costs of packaging and testing	589,127	40.9	687,553	38.9	837,955	40.0
Other costs of sales	72,404	5.0	75,878	4.3	109,560	5.3
Subtotal	1,318,221	91.5	1,624,468	92.0	1,912,334	91.3
Impairment loss of inventories	108,634	7.5	128,851	7.3	169,828	8.1
Tax and others	13,301	1.0	12,820	0.7	13,431	0.6
Total	1,440,156	100.0	1,766,139	100.0	2,095,593	100.0

We operate under a fabless model centered on our core competencies in R&D and sales. We outsource our major manufacturing processes, including wafer fabrication, packaging, and testing, to third-party suppliers. For the years ended December 31, 2023, 2024 and 2025, cost of wafers accounted for 45.6%, 48.8%, and 46.0% of our cost of sales, respectively.

For the years ended December 31, 2023, 2024 and 2025, our cost of packaging and testing accounted for 40.9%, 38.9%, and 40.0% of our cost of sales, respectively.

The table below sets forth a breakdown of impairment loss of inventories by types of our products for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	22,041	20.3	79,095	61.4	80,750	47.5
Signal chain ICs	81,577	75.1	49,336	38.3	87,776	51.7
Others ⁽¹⁾	5,016	4.6	420	0.3	1,302	0.8
Total	108,634	100.0	128,851	100.0	169,828	100.0

(1) Others primarily include impairment loss of inventories relating to our sensor products.

Our impairment loss of inventories increased from RMB108.6 million in 2023 to RMB128.9 million in 2024, primarily because we proactively increased and maintained steady inventory levels to ensure timely delivery of our products to customers in 2024, and against the backdrop of continuous inventory growth, the reduced sales volume in 2023 directly affected the aging of inventory for each product. Our impairment loss of inventories further increased to RMB169.8 million in 2025, also primarily because we proactively increased inventory levels to ensure timely delivery of our products to customers in 2025, and the increase in the impairment loss of inventories was in line with the growth of inventory levels, and there is a time lag before our sales volumes further ramped up.

Gross Profit and Gross Margin

Our gross profit represents our revenue less our cost of sales, and our gross margin represents our gross profit divided by our revenue, expressed as a percentage. Our gross profit was

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RMB1,175.6 million, RMB1,580.8 million, and RMB1,802.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our gross margin was 44.9%, 47.2% and 46.2% for the same years, respectively.

The following table sets forth our gross profit and gross margin for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	804,899	46.1	1,043,112	47.8	1,103,655	46.4
Signal chain ICs	490,188	56.7	675,015	58.4	855,738	58.2
Others ⁽¹⁾	2,408	44.2	4,388	50.9	26,328	55.8
Subtotal	1,297,495	49.6	1,722,515	51.5	1,985,721	50.9
Impairment loss of inventories	108,634		128,851		169,828	
Tax and others	13,301		12,820		13,431	
Total	1,175,560	44.9	1,580,844	47.2	1,802,462	46.2

(1) Others primarily include our sensor products and technology services.

The table below sets forth a breakdown of our gross profit and gross profit margin by product type, after taking into account the impairment loss of inventories and tax and others, for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %	Gross profit RMB	Gross margin %
<i>(RMB in thousands, except for percentages)</i>						
Power management ICs	774,607	44.4	956,254	43.8	1,015,440	42.7
Signal chain ICs	403,586	46.7	620,655	53.7	762,174	51.8
Others ⁽¹⁾	(2,633)	(48.3)	3,935	45.6	24,848	52.6
Total	1,175,560	44.9	1,580,844	47.2	1,802,462	46.2

(1) Others primarily include our sensor products and technology services.

During the Track Record Period, we maintained a high gross margin primarily driven by our continuous introduction of new products and high-performance products and our cost-effectiveness. Besides, we continuously invest in R&D and have established a broad product portfolio. Among them, our signal chain ICs and high-end power management ICs, due to their higher technological barriers, demonstrated more favorable gross margins in the corresponding business.

Our gross profits and gross margins largely depend on our product mix, the competition we faced, the supply-demand balance in the analog IC market and general market conditions. Our gross profit and gross margin improved from 2023 to 2024, primarily due to the overall recovery of analog IC industry where there was a rebound in product demand. Our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

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Other Income and Gains

We recorded other income and gains of RMB121.0 million, RMB108.3 million and RMB193.4 million for the years ended December 31, 2023, 2024 and 2025, respectively. Our other income consists of (i) government grants, and (ii) bank interest income. Our other gains consist of (i) foreign exchange income, net, (ii) gains on disposal of investments at fair value through profit or loss, (iii) gains on disposal of items of property, plant and equipment and right-of-use assets, and (iv) fair value gains derived from wealth management products and equity investments at fair value through profit or loss.

The following table sets forth a breakdown of our other income and gains for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Other income						
Government grants	50,541	41.8	37,844	34.9	101,072	52.3
Bank interest income	34,720	28.7	31,687	29.3	30,061	15.5
Subtotal	85,261	70.5	69,531	64.2	131,133	67.8
Gains						
Foreign exchange income, net	415	0.3	6,204	5.7	—	—
Gains on disposal of investments at:						
Wealth management products	18,230	15.1	18,286	16.9	6,521	3.4
Equity investments at fair value through profit or loss	—	—	311	0.3	12,095	6.2
Gains on disposal of items of property, plant and equipment and right-of-use assets	62	0.1	3,283	3.0	1,009	0.5
Fair value gains on:						
Wealth management products	1,602	1.3	7,407	6.8	16,030	8.3
Equity investments at fair value through profit or loss	—	—	3,147	2.9	26,479	13.7
Others	15,393	12.7	140	0.2	111	0.1
Subtotal	35,702	29.5	38,778	35.8	62,245	32.2
Total	120,963	100.0	108,309	100.0	193,378	100.0

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee compensation for our selling and marketing personnel, (ii) promotion expenses in relation to marketing campaigns, brand-building activities, and public relations, and (iii) equity-settled share-based payment expenses associated with equity incentive granted to sales and marketing personnel.

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The following table sets forth a breakdown of our selling and marketing expenses in absolute amount and as a percentage of our total selling and marketing expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee compensation	140,485	70.7	181,071	77.3	188,213	72.8
Promotion expenses	17,583	8.9	20,506	8.8	20,273	7.8
Equity-settled share-based transactions	24,866	12.5	13,644	5.8	30,712	11.9
Others ⁽¹⁾	15,637	7.9	18,963	8.1	19,252	7.5
Total	198,571	100.0	234,184	100.0	258,450	100.0

(1) Consists primarily of rental and utilities expenses, depreciation and amortization, and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our selling and marketing expenses were RMB198.6 million, RMB234.2 million, and RMB258.5 million, respectively, representing 7.6%, 7.0%, and 6.6% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consist primarily of (i) employee compensation for our administrative and management personnel, (ii) depreciation and amortization, (iii) professional services fees incurred in relation to legal, audit, consulting services, (iv) equity-settled share-based transactions expenses in relation to equity incentives granted to management and administrative staff, (v) travel expenses primarily for management and support personnel business trips, and (vi) rental and utilities expenses mainly for office spaces.

The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee compensation	49,055	53.7	63,392	59.8	68,410	54.4
Depreciation and amortization	5,673	6.2	7,845	7.4	12,978	10.3
Professional service fees	9,339	10.2	7,487	7.1	8,692	6.9
Equity-settled share-based transactions	10,887	11.9	6,165	5.8	11,580	9.2
Travel expenses	2,143	2.3	2,495	2.4	2,669	2.1
Rental and utilities expenses	2,200	2.4	1,265	1.2	2,773	2.2
Others ⁽¹⁾	12,112	13.3	17,437	16.3	18,772	14.9
Total	91,409	100.0	106,086	100.0	125,874	100.0

(1) Consists primarily of office expenses, business entertainment expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our administrative expenses were RMB91.4 million, RMB106.1 million and RMB125.9 million, respectively, representing 3.5%, 3.2% and 3.2% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee compensation for our research and development personnel, (ii) materials, expenses, including raw materials and consumables

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used in product designs during research and development process, (iii) depreciation and amortization, mainly in relation to R&D equipment and facilities, and (iv) equity-settled share-based transaction expenses in relation to equity incentives granted to our R&D personnel.

The following table sets forth a breakdown of our research and development expenses in absolute amount and as a percentage of our total research and development expenses for the years indicated.

	Year Ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentages)</i>						
Employee compensation	457,336	62.0	599,839	68.9	676,125	64.7
Materials expenses	77,342	10.5	85,454	9.8	124,697	11.9
Depreciation and amortization	66,351	9.0	74,837	8.6	88,812	8.5
Equity-settled share-based transactions	81,560	11.1	64,616	7.4	115,537	11.1
Others ⁽¹⁾	54,485	7.4	46,001	5.3	40,024	3.8
Total	737,074	100.0	870,747	100.0	1,045,195	100.0

(1) Consists primarily of rental and utilities expenses and other miscellaneous items.

For the years ended December 31, 2023, 2024 and 2025, our research and development expenses were RMB737.1 million, RMB870.7 million and RMB1,045.2 million, respectively, representing 28.2%, 26.0% and 26.8% of our total revenue, respectively.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net consist primarily of impairment losses for movement in loss allowance for trade and bills receivables at amortized cost, and movement in loss allowance for other receivables and contract assets. We recorded impairment losses on financial and contract assets, net of RMB1.7 million, RMB1.1 million, and RMB2.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses consist primarily of (i) foreign exchange losses, and (ii) fair value losses on equity investment and wealth management products. We recorded other expenses of RMB3.7 million, RMB2.6 million and RMB9.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs consist primarily of amortization of interest expense on redemption financial liabilities, interest expenses on lease liabilities and borrowings. We recorded finance costs of RMB2.3 million, RMB2.2 million and RMB12.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Share of (Losses)/Profits of Associates

We recorded share of (losses)/profits of associates of RMB(7.7) million, RMB12.6 million and RMB7.5 million for the years ended December 31, 2023, 2024 and 2025, respectively.

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Income Tax Credit/(Expense)

Our income tax credit/(expense) primarily consists of (i) current income tax charged for the year, (ii) deferred income tax. We recorded income tax credit of RMB15.8 million and RMB6.4 million, respectively, in 2023 and 2024. We recorded income tax expense of RMB15.5 million in 2025. We recorded tax credits in 2023 and 2024 primarily due to significant R&D deductions, notwithstanding our profitable status. In 2025, despite a further expansion in our profit scale, the deductible R&D expenses declined compared to the preceding years, resulting in the recognition of income tax expenses.

In 2023, 2024 and 2025, our effective tax rates, calculated as our income tax expense/(credit) divided by our profit before tax, were (6.2)%, (1.3)%, and 2.8%, respectively, which were lower than the 25% statutory rate primarily because we and certain subsidiaries enjoyed preferential tax treatments.

Chinese Mainland

Our income tax provision in respect of our operations in the Chinese Mainland was calculated at a tax rate of 25% during the Track Record Period, based on the existing legislation, interpretation and practices in respect thereof.

Certain of our subsidiaries in the Chinese Mainland were approved as High-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% during the Track Record Period. See Note 11 to the Accountants' Report included in Appendix I to this prospectus for more details.

Hong Kong

The first HKD2,000,000 of assessable profits of Hong Kong subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% on the estimated assessable profits. SG MICRO (HK) LIMITED was entitled to enjoy offshore tax exemption from the Hong Kong Inland Revenue Department due to its offshore transaction nature for the Relevant Periods.

See Note 11 to the Accountants' Report included in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we had made all the required tax filings with the relevant tax authorities in jurisdictions we operate in, and we had no disputes or unresolved tax issues with the relevant tax authorities.

DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

We generated substantially all of our revenue from sales of products. Our revenue increased by 16.5% from RMB3,347.0 million in 2024 to RMB3,898.1 million in 2025, primarily attributable to an increase in our revenue generated from sales of signal chain ICs and power management ICs, mainly due to the increased sales volume in line with the increasing demand from end customers. Specifically,

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the analog IC market has begun to recover since 2024, and driven by the continued adoption of AI applications, the demand for analog ICs expanded, according to Frost & Sullivan.

- *Power Management ICs.* Our revenue generated from sales of power management ICs increased by 9.1% from RMB2,181.7 million in 2024 to RMB2,379.8 million in 2025, primarily due to an increase in our sales volume of power management ICs from 3,934.6 million units in 2024 to 5,022.8 million units in 2025, which was due to an increasing demand from end customers.
- *Signal Chain ICs.* Our revenue generated from sales of signal chain ICs increased by 27.2% from RMB1,156.7 million in 2024 to RMB1,471.0 million in 2025, primarily due to an increase in our sales volume of signal chain ICs from 2,012.7 million units in 2024 to 2,792.6 million units in 2025, mainly due to (i) growing demand from end customers, in particular, the strong demand from the industrial applications sector; and (ii) the continuous expansion of our customer base and product portfolio through continuous market expansion and the launch of new products.

Cost of Sales

Our cost of sales increased by 18.7% from RMB1,766.1 million in 2024 to RMB2,095.6 million in 2025, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 14.0% from RMB1,580.8 million in 2024 to RMB1,802.5 million in 2025, primarily due to the growth in the sales volume of our products in 2025 as the result of the recovery of the market. Our overall gross margin was 47.2% in 2024 and 46.2% in 2025, remaining at a relatively stable level.

Other Income and Gains

Our other income and gains increased by 78.5% from RMB108.3 million in 2024 to RMB193.4 million in 2025, primarily attributable to (i) an increase in government grants from RMB37.8 million in 2024 to RMB101.1 million in 2025, and (ii) an increase in fair value gains on equity investments at fair value through profit or loss of RMB23.3 million.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 10.4% from RMB234.2 million in 2024 to RMB258.5 million in 2025, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 18.7% from RMB106.1 million in 2024 to RMB125.9 million in 2025, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcount and salaries.

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Research and Development Expenses

Our research and development expenses increased by 20.0% from RMB870.7 million in 2024 to RMB1,045.2 million in 2025, primarily due to (i) an increase in employee compensation as a result of the increased compensation standards for our R&D team and the expansion of our R&D team, (ii) an increase in R&D materials expenses in line with our business growth, and (iii) an increase in depreciation and amortization expenses mainly due to the increases in electronic design automation tools and increases in depreciation of right-of-use assets and R&D-related equipment.

Impairment Losses on Financial and Contract Assets, Net

Our impairment losses on financial and contract assets, net increased from RMB1.1 million in 2024 to RMB2.5 million in 2025, primarily due to the credit loss provided for contract assets and trade and bills receivables.

Other Expenses

Other expenses increased by 265.4% from RMB2.6 million in 2024 to RMB9.5 million in 2025, primarily due to changes in exchange losses.

Finance Costs

Our finance costs increased by 445.5% from RMB2.2 million in 2024 to RMB12.0 million in 2025, primarily due to an increase in our amortization of interest expense on redemption financial liabilities in 2025.

Share of Profits of Associates

We recorded share of profits of associates of RMB12.6 million, and RMB7.5 million in 2024 and 2025, respectively. The changes in share of profits of associates were due to the changes in the operational and financial performance of our investees.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB6.4 million in 2024 and income tax expense of RMB15.5 million in 2025. Our effective tax rate slightly increased from (1.3)% in 2024 to 2.8% in 2025, primarily due to growth in our revenue and profit in 2025.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 8.8% from RMB491.2 million in 2024 to RMB534.4 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 28.0% from RMB2,615.7 million in 2023 to RMB3,347.0 million in 2024, primarily attributable to an increase in our revenue generated from sales of our products, mainly due to the increased sales volume in line with our growing business scale. Besides, according to Frost &

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Sullivan, consumer electronics shipments began to recover in 2024, partially supported by AI-related infrastructure upgrades, and the analog IC market accordingly resumed its growth trajectory in 2024.

- *Power Management ICs.* Our revenue generated from sales of power management ICs increased by 25.0% from RMB1,746.0 million in 2023 to RMB2,181.7 million in 2024, primarily due to an increase in our sales volume of power management ICs from 3,060.6 million units in 2023 to 3,934.6 million units in 2024, which was due to growing demand from end customers in the consumer electronics sector, driven by the recovery of the analog IC market in 2024.
- *Signal Chain ICs.* Our revenue generated from sales of signal chain ICs increased by 33.8% from RMB864.2 million in 2023 to RMB1,156.7 million in 2024, primarily due to an increase in our sales volume of signal chain ICs from 1,427.4 million units in 2023 to 2,012.7 million units in 2024, mainly due to (i) the gradual recovery of the analog IC market; (ii) growing demand from end customers, with recovery in application areas such as industrial & energy, networking & computing, and consumer electronics sectors; and (iii) our continuous efforts to expand our customer base and product offerings.

Cost of Sales

Our cost of sales increased by 22.6% from RMB1,440.2 million in 2023 to RMB1,766.1 million in 2024, which was generally in line with our sales expansion and business growth.

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit increased by 34.5% from RMB1,175.6 million in 2023 to RMB1,580.8 million in 2024, and our overall gross margin was 44.9% in 2023 and 47.2% in 2024, mainly due to the market recovery in 2024 and the change of our product mix.

Other Income and Gains

Our other income and gains decreased by 10.5% from RMB121.0 million in 2023 to RMB108.3 million in 2024, primarily attributable to the decrease in government grants from RMB50.5 million in 2023 to RMB37.8 million in 2024.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 17.9% from RMB198.6 million in 2023 to RMB234.2 million in 2024, primarily due to an increase in employee compensation, driven by the expansion of our sales team.

Administrative Expenses

Our administrative expenses increased by 16.1% from RMB91.4 million in 2023 to RMB106.1 million in 2024, primarily due to an increase in employee compensation for our administrative and management personnel due to the growing headcount.

Research and Development Expenses

Our research and development expenses increased by 18.1% from RMB737.1 million in 2023 to RMB870.7 million in 2024, primarily due to (i) an increase in employee compensation primarily attributable to the rising R&D staff headcounts, and (ii) an increase in R&D materials expenses in line with our R&D development and business growth.

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Impairment Losses on Financial and Contract Assets, Net

We recorded impairment losses on financial and contract assets, net of RMB1.7 million in 2023, compared to RMB1.1 million in 2024, respectively.

Other Expenses

Other expenses decreased by 29.5% from RMB3.7 million in 2023 to RMB2.6 million in 2024, primarily due to changes in fair value gains and losses.

Finance Costs

Our finance costs were RMB2.3 million in 2023 and RMB2.2 million in 2024, remaining at a relatively stable level.

Share of (Losses)/Profits of Associates

We recorded share of losses of associates of RMB7.7 million in 2023. In 2024, we recorded share of profits of associates of RMB12.6 million. The changes in share of (losses)/profits of associates were due to the changes in the operational and financial performance of our investees.

Income Tax Credit

Our income tax credit decreased by 59.6% from RMB15.8 million in 2023 to RMB6.4 million in 2024, and our effective tax rate increased from (6.2)% in 2023 to (1.3)% in 2024, primarily attributable to the market recovery and substantial growth in our revenue and profit in 2024, and the growth in our profit outpaced the growth in our research and development expenses in 2024.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 82.0% from RMB269.9 million in 2023 to RMB491.2 million in 2024.

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DISCUSSION OF CERTAIN KEY ITEMS ON CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated balance sheets as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	545,191	691,094	711,825
Other intangible assets	33,743	52,837	85,978
Right-of-use assets	61,747	52,060	38,837
Goodwill	80,875	78,692	301,277
Deferred tax assets	161,791	175,896	151,264
Investments in associates	423,360	508,329	555,364
Time deposits	10,182	379,427	371,754
Financial assets at fair value through profit or loss	109,163	121,849	115,991
Other non-current assets	32,336	20,321	23,371
Total non-current assets	1,458,388	2,080,505	2,355,661
Current assets			
Inventories	901,367	1,164,817	1,448,216
Trade and bills receivables at amortised cost	166,472	232,764	362,830
Trade and bills receivables at fair value through other comprehensive income	—	—	260
Contract assets	—	—	2,084
Prepayments, other receivables and other assets	86,236	100,084	137,634
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087
Cash and cash equivalents	1,303,007	813,194	1,181,028
Time deposits	—	—	81,810
Restricted cash	22,289	1,755	44,540
Total current assets	3,248,464	3,690,614	4,598,489
Current liabilities			
Trade payables	264,141	316,000	400,910
Other payables and accruals	321,780	478,419	470,629
Interest-bearing bank borrowings	—	36,579	329,729
Lease liabilities	17,884	19,565	12,752
Contract liabilities	14,894	18,307	18,389
Total current liabilities	618,699	868,870	1,232,409
Net current assets	2,629,765	2,821,744	3,366,080
Total assets less current liabilities	4,088,153	4,902,249	5,721,741
Non-current liabilities			
Interest-bearing bank borrowings	—	34,121	67,172
Lease liabilities	26,992	14,370	7,767
Deferred tax liabilities	50,240	56,726	54,799
Other payables and accruals	45,581	72,071	8,703
Deferred income	71,516	75,701	68,195
Other non-current liabilities	50,000	50,000	187,999
Total non-current liabilities	244,329	302,989	394,635
Net assets	3,843,824	4,599,260	5,327,106
Equity			
Share capital	469,487	473,450	620,063
Reserves	3,381,060	4,135,777	4,674,322
Equity attributable to owners of the parent	3,850,547	4,609,227	5,294,385
Non-controlling interests	(6,723)	(9,967)	32,721
Total equity	3,843,824	4,599,260	5,327,106

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We recorded net assets of RMB3,843.8 million, RMB4,599.3 million and RMB5,327.1 million as of December 31, 2023, 2024 and 2025, respectively. We also recorded net current assets of RMB2,629.8 million, RMB2,821.7 million and RMB3,366.1 million as of December 31, 2023, 2024 and 2025, respectively, which were primarily due to the growth of our business scale.

Assets

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, special tooling, electronic equipment and others, construction in progress and leasehold improvements.

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Buildings	154,071	327,150	317,909
Electronic equipment and others	185,546	213,776	216,819
Special tooling	109,225	135,152	168,118
Office furniture	5,878	5,495	4,564
Construction in progress	76,119	—	—
Leasehold improvements	14,291	9,491	4,409
Motor vehicles	61	30	6
Total	545,191	691,094	711,825

Our property, plant and equipment increased from RMB545.2 million as of December 31, 2023 to RMB691.1 million as of December 31, 2024, primarily due to (i) additions of buildings of RMB173.1 million in relation to the expansion of our R&D center and office buildings, and (ii) additions of electronic equipment and others and special tooling of RMB28.2 million and RMB25.9 million, respectively.

Our property, plant and equipment increased from RMB691.1 million as of December 31, 2024 to RMB711.8 million as of December 31, 2025, primarily due to additions of special tooling of RMB33.0 million, and partially offset by the decrease in buildings of RMB9.2 million.

Right-of-Use Assets

The right-of-use assets primarily represent our buildings, land use rights, and parking space use rights. Our right-of-use assets decreased from RMB61.7 million as of December 31, 2023 to RMB52.1 million as of December 31, 2024, and further to RMB38.8 million as of December 31, 2025, mainly attributable to the depreciation of right-of-use assets.

Goodwill

Our goodwill slightly decreased from RMB80.9 million as of December 31, 2023 to RMB78.7 million as of December 31, 2024, mainly due to the recognition of an impairment loss on the RMB2.2 million goodwill. Our goodwill significantly increased from RMB78.7 million as of December 31, 2024 to RMB301.3 million as of December 31, 2025, primarily due to our acquisitions in 2025.

We determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. See Note 18 to the Accountants' Report included in Appendix I to this prospectus for more details. Goodwill acquired through business combinations is allocated to the group of Cash-Generating Units ("CGU" or "CGUs") for impairment testing.

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The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Suzhou Qingxinfang	49,851	49,851	49,851
Shanghai Fangtai	16,555	16,555	16,555
Dalian Alpha	7,929	7,929	7,929
Hangzhou Shenan	4,357	4,357	4,357
Shanghai Pingsheng	2,183	—	—
Changzhou Ganrui	—	—	151,360
TeraDevices Inc	—	—	71,225
Total	80,875	78,692	301,277

Impairment reviews on the goodwill of our Group have been conducted by the management as of December 31, 2023, 2024 and 2025, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use (“VIU”) calculations by using the discounted cash flow method covering a 5-year period.

Our management has assessed that Suzhou Qingxinfang, Changzhou Ganrui and TeraDevices Inc. were material CGUs. Assumptions were used in the value in use calculation. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

Revenue growth rate—The basis used to determine the budgeted revenue is based on our management’s expectation and also expectations of the future market.

Gross profit margin—Estimated based on our historical experience and forecast of the semiconductor markets.

Pre-tax discount rate—Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

(a) Suzhou Qingxinfang

The pre-tax discount rates used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 16.83%, 16.23%, and 14.31%, respectively.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 47.07%, 35.68%, and 41.07%, respectively.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2023, 2024 and 2025 are 268.38%, 331.83%, and 224.46%, respectively.

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For the sensitivity analysis conducted during the impairment review for material CGUs, Suzhou Qingxinfang, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 5%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Pre-tax discount rate increases by 1%	8,186	9,330	12,600
Gross profit margin decreases by 2%	8,297	12,365	15,100
Revenue growth rate decrease by 5%	9,142	8,248	21,800

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	As of December 31		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Suzhou Qingxinfang	51,171	61,377	41,089

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2023, 2024 and 2025, respectively.

(b) Changzhou Ganrui

The pre-tax discount rate used for VIU calculation for the impairment test as of December 31, 2025 is 12.51%.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2025 is 48.65%.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2025 is 50.80%.

For the sensitivity analysis conducted during the impairment review for material CGUs, Changzhou Ganrui, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 2%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	December 31 2025
	<i>RMB'000</i>
Pre-tax discount rate increases by 1%	37,000
Gross profit margin decreases by 2%	36,900
Revenue growth rate decreases by 2%	29,000

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	December 31 2025
	<i>RMB'000</i>
Changzhou Ganrui	64,825

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As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2025.

(c) TeraDevices Inc

The pre-tax discount rate used for VIU calculation for the impairment test as of December 31, 2025 is 16.91%.

The gross profit margin used for VIU calculation for the impairment test as of December 31, 2025 is 55.48%.

The revenue growth rate used for VIU calculation for the impairment test as of December 31, 2025 is 11.96%.

For the sensitivity analysis conducted during the impairment review for material CGUs, TeraDevices Inc, had there been reasonably possible changes with an increase in pre-tax discount rate by 0.5%, a decrease in gross profit margin by 0.5% or a decrease in revenue growth rate by 1%, if one of the key assumptions was to change while other variables held constant, the recoverable amount would decrease by:

	<u>December 31, 2025</u>
	<i>RMB '000</i>
Pre-tax discount rate increases by 0.5%	3,620
Gross profit margin decreases by 0.5%	2,420
Revenue growth rate decreases by 1%	4,030

Based on management's assessment on the recoverable amounts, the headroom of material CGUs is as follows:

	<u>December 31, 2025</u>
	<i>RMB '000</i>
TeraDevices Inc.	4,377

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as of December 31, 2025.

Deferred Tax Assets

Our deferred tax assets primarily consist of share-based payments, losses available for offsetting against future taxable profits, accruals and provisions and impairment of assets. Our deferred tax assets increased from RMB161.8 million as of December 31, 2023 to RMB175.9 million as of December 31, 2024, primarily due to the significant R&D investment in 2024, and the amount of additional deduction for R&D expenses deductible before tax was substantial, resulting in an increase in deductible tax losses. Our deferred tax assets decreased to RMB151.3 million as of December 31, 2025, primarily due to the increase in our profit in 2025 and a decrease in tax losses available for offsetting against future taxable profits.

Investments in Associates

Our investments in associates as of December 31, 2023, 2024 and 2025 mainly relate to our investment in our associate companies. As of December 31, 2023 and 2024, our investments in

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associates increased from RMB423.4 million to RMB508.3 million, mainly attributable to our increased investment in our associates. Our investments in associates further increased to RMB555.4 million as of December 31, 2025, mainly attributable to the operational and financial performance of our investees.

Financial Assets at Fair Value through Profit or Loss

We had financial assets at fair value through profit or loss of RMB878.3 million, RMB1,499.8 million and RMB1,456.1 million, as of December 31, 2023, 2024 and 2025, respectively.

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Non-current:			
Listed equity investments, at fair value	31,916	35,257	11,424
Other unlisted investments, at fair value	77,247	86,592	104,567
Current:			
Wealth management products	769,093	1,378,000	1,340,087
Total	878,256	1,499,849	1,456,078

Our financial assets at fair value through profit or loss consisted of our investments in redeemable short-term wealth management products. The wealth management products were issued by banks in the Chinese Mainland and were classified as our financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest. The changes in our financial assets at fair value through profit or loss during the Track Record Period were primarily due to our redemption of certain wealth management products according to our cash management strategies aimed at optimizing liquidity and returns.

We follow a prudent investment approach for wealth management products, focusing on capital preservation and stable returns. We strictly control risks in accordance with relevant regulations, conduct strict evaluations of wealth management products, and we purchase low-risk wealth management products with high safety and liquidity. These products mainly include bank wealth management products issued by commercial banks. The investment in these assets will be subject to compliance with Chapter 14 of the Listing Rules after the Listing.

Specifically, we exclusively invest in low-risk (PR1 or PR2), high-liquidity wealth management products with tenors not exceeding 12 months, issued by reputable financial institutions. Each investment is preceded by stringent due diligence, including analysis of underlying assets, to align with our funding needs and risk appetite.

Governance of the short-term investment activities is centrally managed. The annual investment quota of wealth management products is approved by the Board meeting and Shareholders' general meeting, with funds usable on a revolving basis within the approved period. The chairman of the Board is authorized to make investment decisions within this quota. Our finance department is responsible for the management of our wealth management products' subscriptions and provides continuous monitoring and proactive risk mitigation. Our finance department is equipped with professionals who possess the necessary expertise to assess investment risks and potential returns. Furthermore, the internal audit department conducts regular independent audits to ensure the integrity of the process.

Our financial assets measured at fair value through profit or loss as of December 31, 2023, 2024 and 2025, also included our equity investment in certain unlisted and listed companies. We make

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investment decisions on a case-by-case basis based on the consideration of a number of factors, including the investee’s operating history, the growth potential of the investee as well as the investee’s potential to generate synergies with our existing operations. We closely monitor the operational and financial performance of our investee companies.

Inventories

Our inventories mainly consist of (i) raw materials, including untested foundry-manufactured wafers, (ii) work in progress, and (iii) finished goods. The following table sets forth our inventories as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	597,642	745,999	836,639
Finished goods	372,175	521,099	686,946
Work in progress	150,555	164,305	234,568
Contract costs	—	—	493
Less: Provision for impairment	(219,005)	(266,586)	(310,430)
Total	901,367	1,164,817	1,448,216

Our inventories increased from RMB901.4 million as of December 31, 2023 to RMB1,164.8 million as of December 31, 2024, and further to RMB1,448.2 million as of December 31, 2025, primarily due to the inventories held in stock to meet the increasing demands.

As of December 31, 2023, 2024 and 2025, our provision for inventories was RMB219.0 million, RMB266.6 million and RMB310.4 million, respectively. Our Directors consider that sufficient provision for inventories had been made. During the Track Record Period, we had not encountered any material impairment loss that has materially and adversely affected our business operations. We believe maintaining appropriate levels of inventories dynamically helps us fully address our customers’ demand and achieve customer satisfaction without adversely affecting our liquidity. We have in place a set of policies and procedures to manage our inventories. See “Business—Logistics and Inventory Management—Inventory Management” for more details.

The following table sets forth our inventory turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Inventory turnover days ⁽¹⁾	203	214	228

Note:

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our inventory balances of a period divided by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our inventory turnover days were primarily affected by production cycles and other related factors that we take into consideration in ensuring timely supply. Generally, the entire production cycle for our ICs takes approximately 75 days to 105 days. According to Frost & Sullivan, our length of production cycle is in line with market practice. The inventory turnover days increased slightly from 203 days in 2023 to 214 days in 2024, and further increased to 228 days in 2025, primarily due to an increase in inventory in anticipation of an increase in customers’ demand.

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To effectively manage our inventory levels, we employ strict control policies and an inventory management system that allows for timely monitoring so that we can adjust our inventory level based on existing orders and projected sales. This framework is underpinned by our integrated SAP and WMS platforms, which provide robust capabilities for inventory oversight. In addition, our management, procurement, sales, and financial departments collaborate closely to enhance our inventory management system. We disseminate the latest inventory updates to the sales and marketing team regularly, ensuring alignment with market demands to mitigate inventory obsolescence, prevent production surpluses, and optimize inventory turnover days. Additionally, we closely monitor the level of finished goods inventory. Specifically, our warehouse specialists regularly perform periodic stock counts and evaluations. Our production planning specialists refer to inventory levels when formulating procurement plans. The production planning manager performs inventory analysis based on inventory conditions and formulates new production plans. We conduct regular follow-ups with sales personnel to evaluate the sales performance of aged inventory items and also hold regular interdepartmental discussions to review sales orders alongside procurement activities, promoting a coordinated approach to inventory management.

The following table sets forth an aging analysis of our inventories as of the date indicated. The inventories aging within one year were RMB756.9 million, RMB984.2 million and RMB1,304.0 million as of December 31, 2023, 2024 and 2025, respectively, representing 84.0%, 84.5% and 90.0% of the total inventories, respectively.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	756,855	984,212	1,303,997
Over one year	144,512	180,605	144,219
Total	<u>901,367</u>	<u>1,164,817</u>	<u>1,448,216</u>

As of April 30, 2026, RMB796.2 million, or 55.0% of our inventories outstanding as of December 31, 2025, had been sold or utilized. We do not foresee any material impairment issues with the balance of our inventories, considering that (i) we have established a systematic inventory risk management and internal control system, leveraging the WMS system to achieve full-lifecycle inventory control. We continuously refine our inventory management processes to prevent and mitigate various operational risks associated with inventory; (ii) during the Track Record Period, the long-aged inventories were at a relatively low level; and (iii) we monitor our inventories carefully, and we comprehensively consider factors such as aging, estimated selling prices, historical sales volume, and stock quantities. We believe we have made adequate provisions for inventory impairment.

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Trade and Bills Receivables

Our trade and bills receivables mainly consist of outstanding amounts from customers for the sale of our products. The following table sets forth the details of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	169,576	237,093	372,289
Bills receivables	—	—	1,118
Less: Impairment	(3,104)	(4,329)	(10,577)
Total	166,472	232,764	362,830

Our trade and bills receivables increased from RMB166.5 million as of December 31, 2023 to RMB232.8 million as of December 31, 2024, and further to RMB362.8 million as of December 31, 2025, as a result of our business expansion and sales growth.

As of December 31, 2023, 2024 and 2025, we made provisions for the impairment of our trade and bills receivables of RMB3.1 million, RMB4.3 million and RMB10.6 million, respectively. During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables and the increase in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

The following table sets forth our trade and bills receivables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade and bills receivables turnover days ⁽¹⁾	20	22	29

(1) The trade and bills receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of our trade and bills receivables in that period by revenue for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade and bills receivables turnover days remained relatively stable at 20 days in 2023, 22 days in 2024 and 29 days in 2025.

The following table sets forth an aging analysis of our trade and bills receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Not due and within one year	166,472	232,764	359,716
Over one year	—	—	1,996
Total	166,472	232,764	361,712

As of April 30, 2026, approximately RMB347.1 million, or 93.0% of our trade and bills receivables outstanding as of December 31, 2025, had been subsequently settled.

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Prepayments, Other Receivables, and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for the purchase of raw materials and products, value-added tax recoverable, prepaid income tax, deposits and dividend receivables. The following table sets forth the details of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Prepaid income tax	8,406	18,013	29,885
Rights of return assets	22,883	34,536	17,018
Deductible input value-added tax (“VAT”)	39,839	24,804	36,131
Deposits	10,961	10,713	8,871
Prepayment for raw materials and products	1,510	1,653	5,280
Dividend receivable	—	2,158	—
Listing fees	—	—	20,371
Prepayments for packaging and testing	—	—	10,050
Others	4,579	10,032	11,769
Less: Impairment allowance	(1,942)	(1,825)	(1,741)
Total	86,236	100,084	137,634

Our prepayments and other receivables increased from RMB86.2 million as of December 31, 2023 to RMB100.1 million as of December 31, 2024, primarily due to the increase in prepaid income tax and rights of return assets.

Our prepayments and other receivables increased from RMB100.1 million as of December 31, 2024 to RMB137.6 million as of December 31, 2025, primarily due to the increase in prepaid income tax, deductible input value-added tax and prepayment for raw materials and products.

As of April 30, 2026, approximately RMB54.6 million, or 39.7% of our prepayments, other receivables, and other assets as of December 31, 2025, had been subsequently settled.

Cash and Cash Equivalents

Our cash and cash equivalents were RMB1,303.0 million, RMB813.2 million and RMB1,181.0 million, respectively, as of December 31, 2023, 2024 and 2025. Our cash and cash equivalents primarily consist of cash held at banks and other financial institutions, and the fluctuation of our cash and cash equivalents positions at each period end was primarily due to the use of cash to support operating activities and cash outflows from investing activities.

Liabilities

Trade Payables

Our trade payables primarily include payments to our suppliers for raw materials and packaging and testing services during the ordinary course of our business.

Our trade payables increased from RMB264.1 million as of December 31, 2023 to RMB316.0 million as of December 31, 2024, and further increased to RMB400.9 million as of December 31, 2025, primarily due to the increase in procurement of raw materials, and packaging and testing services to support our expanding production and business operations.

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The following table sets forth our trade payables turnover days for the years indicated.

	For the Year Ended December 31,		
	2023	2024	2025
Trade payables turnover days ⁽¹⁾	70	60	62

(1) The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that period by cost of sales for the corresponding period and then multiplying by the number of days in that period (i.e., 365 days for a given year).

Our trade payables turnover days decreased from 70 days in 2023 to 60 days in 2024, primarily because the proportion of purchases with shorter payment terms in 2024 increased compared to 2023, and these purchases with shorter payment terms primarily consist of raw material purchases. Our trade payables turnover days remained relatively stable at 60 days in 2024 and 62 days in 2025.

Our Directors confirm that we did not have any material defaults on payments of trade payables during the Track Record Period and up to the Latest Practicable Date.

The following table sets forth an aging analysis of our trade payables as of the date indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one month	213,586	277,101	308,775
Over one month but less than two months	46,517	38,783	71,211
Over two months but less than three months	4,038	112	20,869
Over three months	—	4	55
Total	264,141	316,000	400,910

As of April 30, 2026, approximately RMB393.7 million, or 98.2% of our trade payables outstanding as of December 31, 2025, had been subsequently settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of payroll and welfare payable, provision for expected sales return, payables for additions property, plant and equipment and other tax payables.

The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Payroll and welfare payables	247,163	358,261	348,522
Liabilities for expected sales return and warranty	45,581	72,071	65,867
Other tax payable	20,967	16,246	13,856
Payable for technological development	24,572	18,427	7,516
Payables for additions of property, plant and equipment	1,344	58,676	14,543
Others	27,734	26,809	29,028
Total	367,361	550,490	479,332

Our other payables and accruals increased from RMB367.4 million as of December 31, 2023 to RMB550.5 million as of December 31, 2024, primarily due to (i) an increase in payroll and welfare

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payables driven by the increase in the number of our employees, and (ii) an increase in payables for additions of property, plant and equipment to support our expanding business operations.

Our other payables and accruals decreased from RMB550.5 million as of December 31, 2024 to RMB479.3 million as of December 31, 2025, primarily due to the decrease in payables for additions of property, plant and equipment as the relevant projects were completed in 2025.

As of April 30, 2026, approximately RMB303.3 million, or 63.3% of our other payables and accruals as of December 31, 2025, had been subsequently settled.

Interest-bearing Bank Borrowings

Interest-bearing bank borrowings consist primarily of loans from commercial banks in China. Our interest-bearing bank borrowings increased from nil as of December 31, 2023 to RMB70.7 million as of December 31, 2024, and further to RMB396.9 million as of December 31, 2025, indicating that we have broadened our financing channels. See “—Indebtedness—Interest-bearing Bank Loans” for more details.

Lease Liabilities

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. We recorded non-current lease liabilities of RMB27.0 million, RMB14.4 million and RMB7.8 million, respectively, as of December 31, 2023, 2024 and 2025. We recorded current lease liabilities of RMB17.9 million, RMB19.6 million and RMB12.8 million, as of December 31, 2023, 2024 and 2025, respectively.

Contract Liabilities

Our contract liabilities primarily represent the prepayments we received from certain customers for sales of our products. Our contract liabilities amounted to RMB14.9 million as of December 31, 2023, RMB18.3 million as of December 31, 2024, and RMB18.4 million as of December 31, 2025.

As of April 30, 2026, approximately RMB17.4 million, or 94.7% of our total contract liabilities as of December 31, 2025, had been recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund our procurement of raw materials, research and development, sales and marketing activities, and other operational needs. During the Track Record Period, we financed our capital expenditures and working capital requirements principally with funds from cash generated from our operations and bank borrowings. After the Global Offering, we believe that our liquidity requirements will continue to be satisfied with a combination of these sources and net proceeds from the Global Offering. As of December 31, 2023, 2024 and 2025, and April 30, 2026, we had cash and cash equivalents of RMB1,303.0 million, RMB813.2 million, RMB1,181.0 million and RMB914.1 million, respectively. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

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Cash Flows

The following table sets forth our selected cash flow data for the years indicated.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash flows from operating activities	161,796	534,149	434,379
Net cash flows used in investing activities	(541,119)	(1,248,316)	(432,709)
Net cash flows from financing activities	39,315	214,004	384,746
Net increase/(decrease) in cash and cash equivalents	(340,008)	(500,163)	386,416
Cash and cash equivalents at beginning of the year	1,638,363	1,303,007	813,194
Effect of foreign exchange rate changes, net	4,652	10,350	(18,582)
Cash and cash equivalents at end of the year	<u>1,303,007</u>	<u>813,194</u>	<u>1,181,028</u>

Net Cash from Operating Activities

Our net cash generated from operating activities was RMB434.4 million in 2025, primarily due to our profit before tax of RMB549.9 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB150.1 million, and (b) share-based payment expenses of RMB159.1 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB270.9 million, and (b) an increase in trade and bills receivables at amortised cost of RMB116.1 million.

Our net cash generated from operating activities was RMB534.1 million in 2024. This was primarily attributable to our profit before tax of RMB484.8 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB125.2 million, and (b) share-based payment expenses of RMB84.8 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB263.5 million, and (b) an increase in trade and bills receivables of RMB67.5 million, which was partially offset by changes in working capital that positively affected the cash flow from operating activities, primarily including an increase in other payables and accruals of RMB119.9 million.

Our net cash generated from operating activities was RMB161.8 million in 2023. This was primarily attributable to our profit before tax of RMB254.1 million, which was further adjusted for (i) certain non-cash or non-operating items, primarily including (a) depreciation of property, plant and equipment of RMB101.6 million, and (b) share-based payment expenses of RMB118.8 million, and (ii) changes in working capital that negatively affected the cash flow from operating activities, primarily including (a) an increase in inventories of RMB199.4 million, (b) an increase in trade and bills receivables of RMB56.5 million, (c) a decrease in other payables and accruals of RMB42.1 million, and (d) a decrease in trade payables of RMB22.8 million.

Net Cash Used in Investing Activities

Our net cash used in investing activities was RMB432.7 million in 2025, primarily due to purchases of wealth management products of RMB5,080.0 million, purchase of subsidiaries for RMB254.1 million, and purchases of items of property, plant and equipment of RMB232.6 million, which were partially offset by proceeds from the disposal of wealth management products of RMB5,107.0 million.

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Our net cash used in investing activities was RMB1,248.3 million in 2024, primarily due to purchases of wealth management products of RMB3,165.0 million, purchase of time deposits of RMB363.0 million, and purchases of items of property, plant and equipment of RMB209.0 million, which were partially offset by proceeds from the disposal of wealth management products of RMB2,563.5 million.

Our net cash used in investing activities was RMB541.1 million in 2023, primarily due to purchases of wealth management products of RMB2,332.0 million, and purchases of items of property, plant and equipment of RMB204.0 million, which were partially offset by proceeds from the disposal of wealth management products of RMB2,092.5 million.

Net Cash from Financing Activities

Our net cash from financing activities was RMB384.7 million in 2025, primarily due to new bank loans of RMB362.6 million and proceeds from the issue of shares of RMB227.2 million, which was partially offset by the payment of dividends of RMB95.1 million, and payment of bank and other borrowings of RMB62.6 million.

Our net cash from financing activities was RMB214.0 million in 2024, primarily due to proceeds from the issue of shares of RMB214.3 million and proceeds from new bank loans of RMB70.6 million, which was partially offset by the payment of dividends of RMB47.1 million.

Our net cash from financing activities was RMB39.3 million in 2023, primarily due to proceeds from the issue of shares of RMB130.4 million, which was partially offset by the payment of dividends of RMB107.8 million.

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Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
Current assets				
Inventories	901,367	1,164,817	1,448,216	1,607,016
Trade and bills receivables at amortised cost	166,472	232,764	362,830	356,705
Trade and bills receivables at fair value through other comprehensive income	—	—	260	454
Contract assets	—	—	2,084	1,356
Prepayments, other receivables and other assets	86,236	100,084	137,634	141,622
Financial assets at fair value through profit or loss	769,093	1,378,000	1,340,087	1,735,066
Cash and cash equivalents	1,303,007	813,194	1,181,028	914,129
Time deposits	—	—	81,810	226,126
Restricted cash	22,289	1,755	44,540	44,571
Total current assets	3,248,464	3,690,614	4,598,489	5,027,045
Current liabilities				
Trade payables	264,141	316,000	400,910	453,509
Other payables and accruals	321,780	478,419	470,629	463,687
Interest-bearing bank borrowings	—	36,579	329,729	503,309
Lease liabilities	17,884	19,565	12,752	9,144
Contract liabilities	14,894	18,307	18,389	22,241
Total current liabilities	618,699	868,870	1,232,409	1,451,890
Net current assets	2,629,765	2,821,744	3,366,080	3,575,155

Our net current assets increased to RMB3,575.1 million as of April 30, 2026 from RMB3,366.1 million as of December 31, 2025, primarily due to (i) an increase of RMB158.8 million in inventories, (ii) an increase of RMB395.0 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB144.3 million in time deposits, partially offset by (i) a decrease of RMB266.9 million in cash and cash equivalents and (ii) increases of RMB52.6 million in trade payables and RMB173.6 million in interest-bearing bank borrowings.

Our net current assets increased to RMB3,366.1 million as of December 31, 2025 from RMB2,821.7 million as of December 31, 2024, primarily due to (i) an increase of RMB283.4 million in inventories, and (ii) an increase of RMB367.8 million in cash and cash equivalents, and partially offset by (i) an increase of RMB84.9 million in trade payables, and (ii) an increase of RMB293.2 million in interest-bearing bank borrowings.

Our net current assets increased to RMB2,821.7 million as of December 31, 2024, from RMB2,629.8 million as of December 31, 2023, primarily due to (i) an increase of RMB263.5 million in inventories, (ii) an increase of RMB608.9 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB66.3 million in trade and bills receivables, partially offset by (i) a decrease of RMB489.8 million in cash and cash equivalents, (ii) an increase of RMB51.9 million in trade payables, and (iii) an increase of RMB156.6 million in other payables and accruals.

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INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
				(unaudited)
Current				
Interest-bearing bank borrowings	—	36,579	329,729	503,309
Lease liabilities	17,884	19,565	12,752	9,144
Non-current				
Interest-bearing bank borrowings	—	34,121	67,172	34,997
Lease liabilities	26,992	14,370	7,767	17,673
Total	44,876	104,635	417,420	565,123

Interest-bearing Bank Loans

We had interest-bearing bank borrowings of nil, RMB70.7 million, RMB396.9 million and RMB538.3 million as of December 31, 2023, 2024, 2025 and April 30, 2026, respectively. The effective interest rate of our interest-bearing bank loans ranged between 2.11% and 2.76% during the Track Record Period.

Among the interest-bearing bank borrowings as of December 31, 2024 and 2025, the bank borrowings amounting to RMB70.7 million and RMB396.9 million, respectively, were guaranteed by our Company and a non-controlling shareholder of a subsidiary. The guarantee provided by a non-controlling shareholder of a subsidiary has been fully released in December 2025.

As of April 30, 2026, we had banking facilities of RMB1,100.0 million, of which RMB548.1 million had not been utilized.

Lease Liabilities

Our lease liabilities including current and non-current portions, primarily relate to our leased buildings. Our lease liabilities were RMB44.9 million, RMB33.9 million, RMB20.5 million, and RMB26.8 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively, the changes in which were primarily due to our new or renewed office leases.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and that our Group did not experience any difficulty in obtaining bank loans and other borrowings, material default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this prospectus.

Except as disclosed above, as of April 30, 2026, being the most recent practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since April 30, 2026, and up to the date of this prospectus.

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CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any contingent liabilities or guarantees.

CAPITAL EXPENDITURE

Our capital expenditures during the Track Record Period were primarily related to the purchase of property, plant, equipment and intangible assets. Our capital expenditures were RMB233.3 million, RMB240.3 million and RMB256.2 million, respectively, in 2023, 2024 and 2025. We intend to fund our future capital expenditures with net proceeds from equity and debt financings and the cash on our consolidated statements of financial position.

CAPITAL COMMITMENT

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Property, plant and equipment	<u>86,257</u>	<u>22,910</u>	<u>36,717</u>

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

KEY FINANCIAL INDICATORS

The following table sets forth our selected financial indicators for the years and as of the dates indicated.

	As of or for the year ended December 31,		
	2023	2024	2025
Revenue growth rate	(17.9)%	28.0%	16.5%
Net debt-to-equity ratio ⁽¹⁾	(11.4)%	7.8%	8.4%
Current ratio ⁽²⁾	5.3	4.2	3.7
Quick ratio ⁽³⁾	3.8	2.9	2.6

(1) Net debt-to-equity ratio equals total liabilities net of cash and cash equivalents at the end of the year divided by total equity at the end of the year.

(2) Current ratio was calculated based on current assets of the respective year, divided by current liabilities.

(3) Quick ratio equals the current assets (excluding inventories) divided by current liabilities as of the date indicated.

FINANCIAL RISKS

Our activities expose us to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. Our overall risk management procedures focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our financial performance.

Interest Rate Risk

Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. We determine the appropriate weightings

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of the fixed and floating rate interest-bearing instruments based on the current market conditions and perform regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The cash flow interest rate risk and fair value interest rate risk that we are exposed to are not significant.

Foreign Exchange Risk

We are exposed to foreign exchange risk arising from export sales denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our subsidiaries. Further quantitative data in respect of our exposure to foreign exchange risk arising are disclosed in Note 43 to the Accountants' Report included in Appendix I to this prospectus.

Credit Risk

The carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, and other financial assets at amortized cost included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets. We do not provide any guarantees which would expose us to credit risk.

Cash and cash equivalents, time deposits and restricted cash are primarily held with state-owned or listed banks and subject to the impairment requirements of IFRS 9, and the identified impairment loss was immaterial as of December 31, 2023, 2024 and 2025.

We apply the IFRS 9 simplified approach to measuring expected credit losses ("ECLs"), which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade and bills receivables have been grouped based on shared credit risk characteristics and aging. We have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. We also made an individual assessment on the recoverability of our trade and bills receivables for certain customers based on historical settlement records. For further details of credit risk, see Note 43 to the Accountants' Report included in Appendix I to this prospectus.

Liquidity Risk

Our approach to managing liquidity risk is to ensure sufficient capital liquidity to meet our debts without incurring unacceptable losses or causing damage to our reputation. We regularly analyze our liability structure and maturity dates to ensure the maintenance of ample liquidity. Our management monitors the utilization of bank borrowings and ensures compliance with borrowing agreements. At the same time, we maintain close cooperation with financial institutions to maintain sufficient credit lines and effectively prevent and control liquidity risks. For further details of liquidity risk, see Note 43 to the Accountants' Report included in Appendix I to this prospectus.

DIVIDENDS

During the Track Record Period, we declared and paid cash dividends to our Shareholders as follows.

	Year Ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Dividends declared	<u>107,846</u>	<u>47,073</u>	<u>95,062</u>

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As of the Latest Practicable Date, we had paid these dividends in full. On April 20, 2026, we declared dividends of RMB124.1 million, which have not been fully paid.

We do not have a formal dividend policy or any pre-determined dividend payout ratio. Pursuant to the Articles of Association and in accordance with the PRC laws and regulations, such as the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies—Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號—上市公司現金分紅(2025年修正)》), we shall, where specific conditions are met, distribute cash dividends in an amount not less than 10% of the distributable profits recorded in the current year after making up for losses and making the required appropriations to statutory reserves and surplus reserves.

Any future determination to pay dividends will be made at the discretion of our Directors and the approval at our Shareholders' meetings and may be based on a number of factors, including our future operations and earnings, capital requirements, general financial condition, and other factors that our Directors may deem relevant.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to the Group, including the estimated net proceeds from the Global Offering and the expected cash generated from operating activities, we have sufficient working capital for our current requirements and for the next 12 months from the date of this prospectus.

DISTRIBUTABLE RESERVES

As of December 31, 2025, our consolidated retained profits amounted to RMB2,875.6 million, available for distribution to our shareholders.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commissions, and other fees incurred in connection with the Global Offering. We recorded listing expenses of nil, nil and RMB20.4 million (including deferred listing expenses) in 2023, 2024 and 2025, respectively, which were not charged to our consolidated statements of profit or loss during the Track Record Period. The estimated total listing expenses (based on the maximum Offer Price and assuming that the Over-allotment Option is not exercised) for the Global Offering are approximately RMB87.9 million (equivalent to approximately HK\$101.0 million), accounting for approximately 2.2% of our gross proceeds from the Global Offering. The estimated total listing expenses consist of (i) underwriting-related expenses (including but not limited to commissions and fees) of approximately RMB48.1 million (approximately HK\$55.2 million), and (ii) non-underwriting-related expenses of approximately RMB39.9 million (approximately HK\$45.8 million), which consist of fees and expenses of legal advisers and Reporting Accountants of approximately RMB23.4 million (approximately HK\$26.8 million), and other fees and expenses of approximately RMB16.5 million (approximately HK\$19.0 million). Approximately RMB80.6 million (equivalent to approximately HK\$92.6 million) of the estimated listing expenses is directly attributable to the issue of new Shares to the public and will be accounted for as a deduction from equity upon completion of the Global Offering. Approximately RMB7.3 million (equivalent to approximately HK\$8.4 million) is expected to be charged in profit or loss before or upon completion of the Global Offering. This calculation is subject to adjustment based on the actual amount incurred or to be incurred. The listing expenses above are the best estimate as of

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the Latest Practicable Date and are for reference only. The actual amount may differ from such an estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II—Unaudited Pro Forma Financial Information” for more details.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of our latest consolidated financial statements as set out in “Appendix I—Accountants’ Report” to this prospectus, and up to the date of this prospectus.

Unaudited Financial Information for the Three Months Ended March 31, 2026

For a description of our unaudited financial information for the three months ended March 31, 2026, please see “Summary—Recent Development and No Material Adverse Change—Unaudited Financial Information for the Three Months Ended March 31, 2026” for more details.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Pursuant to the Concert Party Agreement dated June 10, 2015, as amended and supplemented by the Supplemental Agreement to the Concert Party Agreement dated January 21, 2021, Hongshun Xiangtai (wholly owned by Dr. Zhang), Baoli Hongya (wholly owned by Ms. Zhang), Power Trend (indirectly wholly owned by Ms. Wen Li), Ms. Zhang and Mr. Lin Lin agreed that, among others, for so long as Hongshun Xiangtai remains a Shareholder, they would act in concert with Hongshun Xiangtai in respect of matters related to business decisions, including exercising voting rights at the Shareholders' meetings, the right to submit proposals to the Board and the Shareholders' meetings, and the right to nominate Directors, independent Directors, and supervisors.

As of the Latest Practicable Date, (i) Dr. Zhang was entitled to exercise approximately 18.91% of the voting rights in the Company through 117,449,624 Shares held by Hongshun Xiangtai, (ii) Ms. Zhang was entitled to exercise approximately 8.31% of the voting rights in our Company through 50,712,118 Shares held by Baoli Hongya and 896,461 Shares directly held by her, (iii) Mr. Lin Lin was entitled to exercise approximately 3.81% of the voting rights in the Company through 23,661,452 Shares directly held by him, and (iv) Ms. Wen Li, the spouse of Dr. Zhang, was entitled to exercise approximately 4.64% of the voting rights in the Company through 28,792,495 Shares held by Power Trend. By virtue of the Concert Party Agreement and the Supplemental Agreement to the Concert Party Agreement, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li directly or indirectly controlled an aggregate of 221,512,150 Shares, representing approximately 35.67% of the voting rights in our Company as at the Latest Practicable Date.

Immediately after completion of the Global Offering, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li will in aggregate be entitled to exercise approximately 32.82% of the voting rights in the Company (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing). Accordingly, Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li will constitute a group of our Controlling Shareholders upon the completion of the Global Offering.

COMPETITION

Each of our Controlling Shareholders has confirmed that he/she/it does not have any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, the Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates (other than the Group) after the Listing.

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the Listing, the Board will consist of two executive Directors, two non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for more details of our Directors and senior management.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Save as disclosed below, none of our Directors or members of our senior management serves as a director or member of senior management in our Controlling Shareholders or their close associates (other than members of our Group):

Name	Positions held in the Group	Major positions held in our Controlling Shareholders and their close associates (other than members of our Group)	
		Name of company	Position
Dr. Zhang	Executive Director, chairman of the Board and general manager	Hongshun Xiangtai	Executive director and general manager
Ms. Zhang	Executive Director, deputy chairwoman of the Board, deputy general manager and secretary to the Board	Baoli Hongya	Executive director and general manager

Our Directors are of the view that the Company is able to carry on business independently from our Controlling Shareholders and their respective close associates from a management perspective for the following reasons:

- (i) each of Hongshun Xiangtai and Baoli Hongya is an investment holding company and had no actual business operation as of the Latest Practicable Date. Dr. Zhang and Ms. Zhang will have sufficient time and resources to serve on our Board or as senior management members, and their positions in the aforementioned companies will not affect their discharge of duties and responsibilities to our Group;
- (ii) each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act for the benefit and in the best interest of the Group and must not allow any conflict between his/her duties as a Director and his/her personal interest;
- (iii) in the event that there is a potential conflict of interests arising out of any transaction to be entered into between the Group and the Directors and/or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum;
- (iv) we will have three independent non-executive Directors, and certain matters of the Company must always be referred to the independent non-executive Directors for review; and
- (v) the Company is an A-share listed company and has adopted a series of corporate governance measures to manage conflicts of interest, if any, between the Group and our Controlling Shareholders which would support our independent management.

Based on the above, the Directors are of the view that the Board as a whole is able to perform the management role in the Group independently from our Controlling Shareholders and their respective close associates (other than the Group) after the Listing.

Operational Independence

We have independent operating capabilities and management systems. We do not rely on any operational or administrative resources of our Controlling Shareholders or their respective close associates (other than the Group) for research and development, manufacturing, business development, staffing and administration (including financial and accounting management, human resources and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

information technology). We have independent access to suppliers and customers. We also possess the necessary licenses, certificates, facilities and intellectual property rights to carry on and operate our business, and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, the Directors are of the view that we are able to operate independently from our Controlling Shareholders and their respective close associates (other than the Group) after the Listing.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control functions of the Company. We make financial decisions and determine our use of funds according to our own business needs. We open and manage our bank accounts independently, and have not shared any bank account with our Controlling Shareholders and their respective close associates. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. 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 Controlling Shareholders or their respective associates, and we do not intend to rely on any member of our Controlling Shareholders in the future.

Based on the above, the Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on our Controlling Shareholders and their respective close associates after the Listing.

CORPORATE GOVERNANCE MEASURES

The Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance. The Directors recognize the importance of good corporate governance in protecting the Shareholders' interests. We would adopt the following measures to promote good corporate governance and to avoid potential conflict of interests between the Group and our Controlling Shareholders:

- (i) where a general meeting is to be held for considering proposed transactions in which our Controlling Shareholders or any of their respective associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (ii) as part of our preparation for the Listing, we have amended our Articles of Association to comply with the Listing Rules which will become effective upon Listing. In particular, our Articles of Association provides that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (iii) the Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if the Company enters into connected transactions with our Controlling Shareholders or any of their respective associates, the Company will comply with the applicable requirements under the Listing Rules;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iv) we are committed that the Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors (a) possess sufficient experience, (b) are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment, and (c) will be able to provide an impartial and external opinion to protect the interests of our Shareholders as a whole;
- (v) the independent non-executive Directors will review, on an annual and independent basis, whether there is any conflict of interests between the Group and our Controlling Shareholders (the “**Annual Review**”) and provide impartial and professional advice to protect the interests of minority Shareholders;
- (vi) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;
- (vii) the Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;
- (viii) where the Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at the Company’s expenses; and
- (ix) we have appointed Red Solar Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, the Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflict of interests that may arise between the Group and our Controlling Shareholders, and to protect minority Shareholders’ interests after the Listing.

SHARE CAPITAL

BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was RMB621,014,624 comprising 621,014,624 A Shares of nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
A Shares in issue	621,014,624	92.00%
H Shares to be issued under the Global Offering	54,001,200	8.00%
Total	675,015,824	100.00%

Immediately following the completion of the Global Offering, assuming that the Over-allotment Option is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the total share capital of our Company
A Shares in issue	621,014,624	90.91%
H Shares to be issued under the Global Offering	62,101,300	9.09%
Total	683,115,924	100.00%

OUR SHARES

Our H Shares in issue upon completion of the Global Offering and our A Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares. However, apart from qualified domestic institutional investors and persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approval of any competent authority, or (if our H Shares are eligible securities for that purpose) through Shenzhen-Hong Kong Stock Connect or Shanghai-Hong Kong Stock Connect pursuant to relevant PRC laws and regulations, our H Shares may not be subscribed by or traded between legal or natural persons of the PRC.

Shenzhen-Hong Kong Stock Connect has established a stock connect mechanism between the PRC and Hong Kong. Our A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in RMB. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

RANKING

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (《H股公司境内未上市股份申请“全流通”业务指引》) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for listing and trading on the Stock Exchange.

APPROVAL FROM A SHAREHOLDERS REGARDING THE GLOBAL OFFERING

Approval from A Shareholders is required for our Company to issue H Shares and seek the listing of H Shares on the Stock Exchange. Such approval was obtained by us at the shareholders’ general meeting of our Company held on September 19, 2025 and is subject to the following conditions:

- (a) **Size of the offer.** The proposed number of H Shares to be offered initially shall not exceed 15% of the total issued share capital as enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares to be issued pursuant to the full exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially under the Global Offering.
- (b) **Method of offering.** The method of offering shall be by way of an international offering to institutional investors and a public offer for subscription in Hong Kong.
- (c) **Target investors.** The H Shares shall be issued to public investors in Hong Kong under the Hong Kong Public Offering, and international investors, qualified domestic institutional investors in Chinese Mainland and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in the International Offering.
- (d) **Price determination basis.** The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

SHARE CAPITAL

- (e) **Validity period.** The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the shareholders' general meeting was held on September 19, 2025.

There is no other approved offering plan for our Shares except the Global Offering.

SHAREHOLDERS' GENERAL MEETING

For details of circumstance under which our shareholders' general meeting is required, see "Summary of Articles of Association – Shareholders and General Meetings" in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

As far as our Directors are aware, immediately following the completion of the Global Offering, the following persons will have an interest and/or short position (as applicable) in our Shares or underlying Shares which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Shareholder	Nature of interest	As of the Latest Practicable Date		Immediately following the completion of the Global Offering			
		Number and description of Shares ⁽¹⁾	Approximate percentage of interest in the Company	Assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing		Assuming the Over-allotment Option is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing	
				Approximate percentage of interest in the A Shares / H Shares	Approximate percentage of interest in the Company	Approximate percentage of interest in the A Shares / H Shares	Approximate percentage of interest in the Company
Hongshun Xiangtai	Beneficial owner; interest held jointly with other persons ⁽²⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Baoli Hongya	Beneficial owner; interest held jointly with other persons ⁽²⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Power Trend	Beneficial owner; interest held jointly with other persons ⁽²⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Dr. Zhang	Interest in controlled corporation ⁽³⁾ ; interest held jointly with other persons ⁽²⁾ ; interest of spouse ⁽⁴⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Ms. Zhang	Beneficial owner; interest in controlled corporation ⁽⁵⁾ ; interest held jointly with other persons ⁽²⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Mr. Lin Lin	Beneficial owner; interest held jointly with other persons ⁽²⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
Ms. Wen Li	Interest in controlled corporation ⁽⁶⁾ ; interest held jointly with other persons ⁽²⁾ ; interest of spouse ⁽⁴⁾	221,512,150 A Shares	35.67%	35.67%	32.82%	35.67%	32.43%
GIC Private Limited	Beneficial Owner ⁽⁷⁾	—	—	8.51%	0.68%	7.40%	0.67%
JPMAMAPL	Investment manager ⁽⁸⁾	—	—	8.34%	0.67%	7.26%	0.66%
CPE Ginkgo	Beneficial Owner ⁽⁹⁾	—	—	6.47%	0.52%	5.63%	0.51%
HHLRA	Investment manager ⁽¹⁰⁾	—	—	8.34%	0.67%	7.26%	0.66%

Notes:

(1) All interests stated are long positions.

SUBSTANTIAL SHAREHOLDERS

- (2) Pursuant to the Concert Party Agreement dated June 10, 2015, as amended and supplemented by the Supplemental Agreement to the Concert Party Agreement dated January 21, 2021, Hongshun Xiangtai (wholly owned by Dr. Zhang), Baoli Hongya (wholly owned by Ms. Zhang), Power Trend (indirectly wholly owned by Ms. Wen Li), Ms. Zhang and Mr. Lin Lin agreed that, among others, for so long as Hongshun Xiangtai remains a Shareholder, they would act in concert with Hongshun Xiangtai in respect of matters related to business decisions, including exercising voting rights at the Shareholders' meetings, the right to submit proposals to the Board and the Shareholders' meetings, and the right to nominate Directors, independent Directors, and supervisors, and (ii) they would ensure that Directors nominated by them vote in alignment with Dr. Zhang at Board meetings. As a result, each of Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li was deemed to be interested in all the Shares in which each of them is interested under the SFO.
- (3) As of the Latest Practicable Date, Hongshun Xiangtai was wholly owned by Dr. Zhang. As a result, Dr. Zhang is deemed to be interested in the 117,449,624 A Shares held by Hongshun Xiangtai.
- (4) Ms. Wen Li is the spouse of Dr. Zhang. Therefore, each of Ms. Wen Li and Dr. Zhang is deemed to be interested in the Shares held by each other under the SFO.
- (5) As of the Latest Practicable Date, Baoli Hongya was wholly owned by Ms. Zhang. As a result, Ms. Zhang is deemed to be interested in the 50,712,118 A Shares held by Baoli Hongya.
- (6) As of the Latest Practicable Date, Power Trend was indirectly wholly owned by Ms. Wen Li. As a result, Ms. Wen Li is deemed to be interested in the 28,792,495 A Shares held by Power Trend.
- (7) GIC Private Limited is a cornerstone investor of the Company and will subscribe for 4,597,700 H Shares based on Offer Price of HK\$85.20, being the maximum Offer Price set out in this Prospectus. For further information about GIC Private Limited, please refer to the section headed "Cornerstone Investors".
- (8) JPMAMAPL is a cornerstone investor of the Company and will subscribe for 4,505,700 H Shares based on Offer Price of HK\$85.20, being the maximum Offer Price set out in this Prospectus, in its capacity as the investor advisor or investment manager for and on behalf of funds. For further information about JPMAMAPL, please refer to the section headed "Cornerstone Investors".
- (9) CPE Ginkgo is a cornerstone investor of the Company and will subscribe for 3,494,200 H Shares based on Offer Price of HK\$85.20, being the maximum Offer Price set out in this Prospectus. For further information about CPE Ginkgo, please refer to the section headed "Cornerstone Investors".
- (10) HHLRA is a cornerstone investor of the Company and will subscribe for 4,505,700 H Shares based on Offer Price of HK\$85.20, being the maximum Offer Price set out in this Prospectus, in its capacity as the investment manager and on behalf of the investment funds and segregated management accounts. For further information about HHLRA, please refer to the section headed "Cornerstone Investors".

For those who are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of our Group, see "Appendix VI—Statutory and General Information—Further Information about Our Directors and Substantial Shareholders."

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing), have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of our Company or any other member of our Group.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The Board will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Directors serve for a term of three years and shall be subject to re-election upon retirement. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations. The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our general meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for developing and reviewing the policies and practices of the Company on corporate governance, risk management, internal control and compliance with legal and regulatory requirements.

The senior management currently consists of three members who are responsible for our day-to-day management and operation.

DIRECTORS

Name	Age	Position	Responsibilities	Date of first appointment as a Director	Date of joining the Group
Dr. Zhang Shilong (張世龍)	60	Executive Director, Chairman of the Board and General Manager	Responsible for the overall strategic planning of our Group and supervising and overseeing the management of our business operations	January 2007	January 2007
Ms. Zhang Qin (張勤)	56	Executive Director, Deputy Chairwoman of the Board, Deputy General Manager and Secretary to the Board	Responsible for the overall management and participating in major decisions on our Group's business operations	January 2007	January 2007
Mr. Lin Lin (林林)	53	Non-executive Director	Responsible for providing advice and making recommendations to the Board	January 2007	January 2007
Ms. Liu Ming (劉明)	56	Non-executive Director	Responsible for providing advice and making recommendations to the Board	September 2025	January 2007
Dr. Du Meijie (杜美傑)	50	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	September 2024	September 2024

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment as a Director	Date of joining the Group
Ms. Tang Chunlin (唐春林)	42	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	September 2024	September 2024
Mr. Chan Yik Pun (陳奕斌)	43	Independent Non-executive Director	Responsible for supervising and offering independent judgment to the Board	September 2025 ⁽¹⁾	Listing Date

(1) The appointment will become effective upon the Listing Date.

The following table sets forth the key information about the Directors as at the Latest Practicable Date.

Executive Directors

Dr. Zhang Shilong (張世龍), aged 60, has served successively as a Director and the chairman of the Board, while concurrently holding the position of general manager of the Company since January 2007. He is responsible for the overall strategic planning and supervising and overseeing the management of our business operations. Dr. Zhang currently holds various positions in our subsidiaries. He has almost 30 years of experience in the analog IC industry. Dr. Zhang is also a cousin of Ms. Zhang.

Dr. Zhang obtained a doctorate degree with a major in mechanical engineering and a minor in electrical and computer engineering from the University of Arizona in the United States in May 1999.

Ms. Zhang Qin (張勤), aged 56, has served successively as a Director and deputy chairwoman of the Board, while concurrently holding the position of deputy general manager of the Company since January 2007. She has also been serving as the secretary to the Board since April 2012. Ms. Zhang primarily assists Dr. Zhang in the overall management and participating in major decisions on our Group's business operations. Ms. Zhang currently holds various positions in our subsidiaries. She has approximately 30 years of experience in electronic and electrical technology and enterprise management. Ms. Zhang is also a cousin of Dr. Zhang.

Ms. Zhang obtained a bachelor's degree of engineering from Beijing Technology and Business University (北京工商大學) (formerly known as Beijing Institute of Light Industry (北京輕工業學院)) in the PRC in July 1993. In September 2013, Ms. Zhang obtained the board secretary qualification certificate from the Shenzhen Stock Exchange.

On May 22, 2019, the spouse of Ms. Zhang mistakenly sold 2,000 A Shares of the Company at RMB97.01 per Share through centralized bidding while placing an unrelated sell order from a securities account in which Ms. Zhang's personal holdings of the Company's Shares were maintained together with her other securities. Immediately upon realizing the error, he repurchased the same number of Shares on the same day at RMB97.02 per Share to restore the original holding position. While the subsequent purchase technically constitutes short-swing trading, such transaction was made solely for the purpose of rectifying the initial inadvertent sale and did not involve any intent to profit from short-term market movement. Upon becoming aware of the incident, Ms. Zhang promptly reported the matter to the Company, and the Company published an explanation and apology

DIRECTORS AND SENIOR MANAGEMENT

announcement on May 22, 2019, following which the ChiNext Companies Supervision Department of the SZSE issued a supervision letter to her on May 27, 2019 in relation to the aforementioned incident. Considering (i) as advised by the PRC Legal Adviser, the supervision letter issued to Ms. Zhang did not constitute an administrative penalty or public censure under the applicable securities laws and regulations of the PRC, and would not affect the suitability of Ms. Zhang to serve as an executive Director and a senior management under the PRC Company Law; (ii) the incident did not involve any intentional misconduct or fraudulent intent by Ms. Zhang; and (iii) as of the Latest Practicable Date, Ms. Zhang has not been imposed any other administrative penalties or involved in any investigation, hearing or proceeding brought or instituted by CSRC or SZSE in connection with the above incident, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on suitability of Ms. Zhang to serve as a Director pursuant to Rules 3.08 and 3.09 of the Listing Rules.

Non-executive Directors

Mr. Lin Lin (林林), aged 53, has been serving as a Director of the Company since January 2007 and is primarily responsible for providing advice and making recommendations to the Board. He is currently also a director of SG MICRO (HK) LIMITED.

Mr. Lin graduated with a major in tourism economics and management from Beijing International Studies University (北京第二外國語學院) in June 1992.

In October 2025, Mr. Lin filed a pre-disclosure share reduction plan in respect of up to 7,887,125 A Shares. During the period from November 10, 2025 to January 28, 2026, he disposed of an aggregate of 7,930,745 A Shares, inadvertently exceeding the disclosed maximum by 43,620 A Shares as a result of his failure to verify the then-available reduction quota in his securities account prior to effecting the relevant trades. Upon becoming aware of the excess disposal on January 28, 2026, Mr. Lin promptly notified the Company, voluntarily repurchased 43,700 A Shares on January 30, 2026 and remitted the corresponding price difference to the Company on February 2, 2026, following which the Beijing Bureau of the CSRC issued a caution letter to him on February 11, 2026 in relation to the aforementioned incident. Considering (i) as advised by the PRC Legal Adviser, the caution letter issued to Mr. Lin did not constitute an administrative penalty or public censure under the applicable securities laws and regulations of the PRC, and would not affect the suitability of Mr. Lin to serve as a non-executive Director under the PRC Company Law; (ii) the incident did not involve any intentional misconduct or fraudulent intent by Mr. Lin; and (iii) as of the Latest Practicable Date, Mr. Lin has not been imposed any other administrative penalties or involved in any investigation, hearing or proceeding brought or instituted by CSRC or SZSE in connection with the above incident, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on suitability of Mr. Lin to serve as a Director pursuant to Rules 3.08 and 3.09 of the Listing Rules.

In response to the non-compliance incident involving Ms. Zhang in May 2019, the Company implemented internal control measures comprising: (a) regulatory training on securities trading rules and compliance obligations; (b) enhanced reporting requirements for key personnel to report securities account details and shareholding changes; and (c) monitoring of shareholding changes through the system of China Securities Depository and Clearing Corporation ("CSDC"). These measures were designed to ensure awareness of regulatory requirements and facilitate post-trade monitoring, but did not incorporate a mandatory pre-trade verification mechanism. Mr. Lin's non-compliance in January 2026 arose from his personal failure to verify the then-available reduction quota in his securities account prior to effecting the relevant trades, which constituted an individual operational oversight that the then existing internal control measures could not fully eliminate.

DIRECTORS AND SENIOR MANAGEMENT

Following this incident and since January 30, 2026, the Company has further enhanced these measures by (a) requiring Directors and senior management to report to the Company prior to effecting any Share transactions, which may only be executed after the Company has verified and confirmed the available quota; (b) providing supplementary compliance training specifically focusing on pre-trade verification procedures; and (c) conducting regular inquiries through the CSDC system to monitor the shareholdings and changes in tradable Shares of Directors and senior management, and maintaining adequate communication with them.

The Company is of the view that the enhanced internal control measures are adequate and effective in preventing the recurrence of similar incidents. The Company will continue to review these measures to ensure their ongoing effectiveness. The internal control consultant has reviewed the securities trading policy and internal control corrective measures implemented by the Company, and no major defects have been identified.

Ms. Liu Ming (劉明), aged 56, has been serving as a customer service representative of the Company since January 2007. She served as an employee representative supervisor in the Company from August 2018 to September 2025 and was appointed as the non-executive Director of the Company in September 2025. Ms. Liu is primarily responsible for providing advice and making recommendations to the Board.

Ms. Liu obtained a bachelor's degree of engineering from Beijing Institute of Technology (北京理工大學) in the PRC in July 1993.

Independent Non-executive Directors

Dr. Du Meijie (杜美傑), aged 50, was appointed as the independent Director in September 2024. She is primarily responsible for supervising and offering independent judgment to the Board.

From September 2015 to August 2018, Dr. Du served as an independent director of Fujian Start Group Co., Ltd. (福建實達集團股份有限公司) (“**Fujian Start**”), a company listed on the Shanghai Stock Exchange (stock code: 600734). From December 2015 to February 2023, Dr. Du served as an independent director of BWT Beijing Ltd. (北京凱普林光電科技股份有限公司). From September 2017 to September 2023, she served as an independent director of BeiJing Certificate Authority Co., Ltd. (北京數字認證股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300579). From November 2019 to March 2023, Dr. Du served as an independent director of Beijing Shendao Technology Co., Ltd. (北京神導科技股份有限公司). From June 2020 to July 2023, she served as an independent director of Greatsoft Co., Ltd. (冠新軟件股份有限公司). She subsequently took the position of independent director of Shandong Bestcomm Pharmaceutical Company Limited. (山東百諾醫藥股份有限公司) from August 2022 to April 2024. Dr. Du has also been serving as an independent director in Maigao Securities Co., Ltd. (麥高證券有限責任公司) since January 2023. Additionally, Dr. Du has been working at Beijing Language University (北京語言大學), serving as the head of the Accounting Department and associate professor.

Dr. Du obtained a bachelor's degree of economics from Renmin University of China (中國人民大學) in the PRC in July 1997 and a master's degree of management from Beijing Technology and Business University in March 2000, respectively. She also obtained a doctorate degree of management from Renmin University of China in June 2004 and completed her postdoctoral fellowship at Peking

DIRECTORS AND SENIOR MANAGEMENT

University (北京大學) in January 2013. Dr. Du obtained the qualifications of a PRC Certified Public Accountant (中國註冊會計師) from the Ministry of Finance Certified Public Accountant Examination Committee (財政部註冊會計師考試委員會) in May 2000, a Certified Internal Auditor in the United States in November 2000, and a Certified Management Accountant in the United States in March 2020, respectively. Dr. Du was recognized as a National Accounting Leading Talent (Academic Category) by the Ministry of Finance in November 2016.

In October 2021, the Fujian Bureau of the CSRC issued a regulatory warning letter to Fujian Start regarding inaccuracies in its 2017 annual report, which primarily arose from revenue and cost misstatements by its subsidiary Shenzhen Xingfei Technology Co., Ltd. (深圳市興飛科技有限公司) (“**Shenzhen Xingfei**”). Specifically, Shenzhen Xingfei acted as a pass-through intermediary in mobile phone resale transactions without assuming principal risks, taking physical custody of, or inspecting the products, and improperly recognized the full transaction amount as revenue. The chairman, two presidents, and CFO of Fujian Start were held primarily responsible for such violations. In February 2023, the Shanghai Stock Exchange issued a regulatory warning letter to Dr. Du and two other former directors in connection with the same incident, determining that they failed to take effective measures to ensure compliance, while Dr. Du had resigned from her directorship in 2018. She confirmed that she received no benefit from the misstatements and resigned due to concerns over corporate governance and information transparency, as she lacked access to conduct on-site verification of subsidiary operations.

Our Directors consider that Dr. Du remains competent to fulfil her duties of care and diligence and is suitable to serve as an independent non-executive Director, based on the following: (i) the PRC Legal Adviser has confirmed that the regulatory warning letter does not constitute an administrative penalty or public censure under the applicable laws, regulations or rules on the PRC, and does not disqualify Dr. Du from acting as a director under the PRC Company Law; (ii) Dr. Du served in a non-executive capacity without involvement in day-to-day management and had no prior knowledge of the misstatements given her limited access to subsidiary information; (iii) the incident did not involve any integrity concerns, dishonesty or fraud on the part of Dr. Du; (iv) no regulatory authority has disqualified Dr. Du from acting as an independent director of Fujian Start or any other listed issuers because of this incident; and (v) Dr. Du has not experienced any similar incident since then. Based on the independent due diligence conducted by the Joint Sponsors and the PRC Legal Adviser’s view above, nothing has come to the Joint Sponsors’ attention that would cause them to disagree with the Directors’ view above.

Ms. Tang Chunlin (唐春林), aged 42, was appointed as the independent Director in September 2024. She is primarily responsible for supervising and offering independent judgment to the Board.

Ms. Tang has over 15 years of experience in law. From April 2009 to May 2020, she served as a trainee lawyer and lawyer at Rongbo Law Firm in Beijing (北京市榮博律師事務所). From June 2020 to June 2023, she served as a partner at Zeguan Law Firm in Beijing (北京澤觀律師事務所). Since 2023, Ms. Tang has been serving as a partner at Zhihong Law Firm in Beijing (北京市致宏律師事務所). She has also been serving as an independent director at Joyvio Food Co., Ltd. (佳沃食品股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300268)) since February 2024.

Ms. Tang obtained a bachelor’s degree in law from University of Science and Technology Beijing (北京科技大學) in January 2008 and a master’s degree in business administration from China

DIRECTORS AND SENIOR MANAGEMENT

University of Political Science and Law (中國政法大學) in December 2024 in the PRC, respectively. Ms. Tang obtained the legal professional qualification certificate issued by the Ministry of Justice in February 2009 and the lawyer's practice certificate issued by the Beijing Municipal Bureau of Justice (北京市司法局) in March 2015, respectively. She was awarded the title of Advanced Individual of Beijing Judicial Administration System (北京市司法行政系統先進個人) for the years from 2018 to 2022 jointly issued by the Beijing Municipal Bureau of Justice and the Beijing Municipal Human Resources and Social Security Bureau (北京市人力資源和社會保障局) in November 2022.

Mr. Chan Yik Pun(陳奕斌), aged 43, was appointed as the independent non-executive Director in September 2025, with effect from the Listing. He is primarily responsible for supervising and offering independent judgment to the Board.

Mr. Chan is currently the head of finance of Tianfang Jincheng (HK) Limited. Since February 2024, he has been serving as an independent non-executive director of China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司) (a company listed both on the Shanghai Stock Exchange (stock code: 600956) and the Hong Kong Stock Exchange (stock code: 00956)). He has also been serving as the company secretary of Beijing Biostar Pharmaceuticals Co., Ltd. (北京華昊中天生物醫藥股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 02563)) since October 2024. He has been serving as an independent non-executive director of Yunhong Guixin Group Holdings Limited (運鴻硅鑫集團控股有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 08349)) since January 26, 2026 and as the joint company secretary of Homeland Interactive Technology Ltd. (家鄉互動科技有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 03798)) since February 28, 2026. Mr. Chan has over 19 years of experience in financial accounting. He successively served as the financial controller of Tianfang Hospitality Management Pte. Ltd., company secretary of Natural Food International Holding Limited, the financial controller in the hotel division of Sun Hung Kai Real Estate Agency Limited, the financial controller and the company secretary of Zall Group Ltd., the deputy audit manager of Ernst & Young (Shanghai)/Ernst & Young (Australia), and the senior auditor of Grant Thornton LLP.

Mr. Chan obtained a bachelor's degree in accounting from Monash University in Australia in December 2004. He is a certified public accountant in both Hong Kong and Australia.

SENIOR MANAGEMENT

The following table sets forth the key information about the senior management of the Company.

Name	Age	Position	Responsibilities	Date of first appointment as a senior management member	Date of joining the Group
Dr. Zhang Shilong (張世龍)	60	Executive Director, Chairman of the Board and General Manager	Responsible for the overall strategic planning of our Group and supervising and overseeing the management of our business operations	January 2007	January 2007
Ms. Zhang Qin (張勤)	56	Executive Director, Deputy Chairwoman of the Board, Deputy General Manager and Secretary to the Board	Responsible for the overall management and participating in major decisions on our Group's business operations	January 2007	January 2007

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Responsibilities	Date of first appointment as a senior management member	Date of joining the Group
Ms. Zhang Xuan (張絢)	50	Finance Director	Responsible for overseeing the financial management of our Group and providing support for the Board	August 2011	August 2011

For the biographical details of Dr. Zhang and Ms. Zhang, see “—Directors” above.

Ms. Zhang Xuan (張絢), aged 50, joined the Group in August 2011 and currently served as the finance director of the Company, responsible for overseeing the financial management of our Group.

Ms. Zhang currently serves as the head of finance or director across a number of our subsidiaries. Prior to joining our Group, Ms. Zhang worked at Beijing Jingdu Tianhuahui Accountant Firm Co., Ltd. (京都天華會計師事務所有限公司) from July 1998 to March 2011, where she served as a senior audit manager. She then worked as a senior financial consultant at Hongyi Investment Co., Ltd. (北京弘毅遠方投資顧問有限公司) from April 2011 to July 2011.

Ms. Zhang obtained a bachelor’s degree of economics from the Central University of Finance and Economics (中央財經大學) in the PRC in July 1998. She obtained the qualification of PRC Certified Public Accountant from the Chinese Institute of Certified Public Accountants in January 2012 and was recognized as a senior accountant by the Beijing Senior Professional Qualification Evaluation Committee (北京市高級專業技術資格評審委員會) in October 2018.

GENERAL

As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries,

- (i) save as disclosed above, none of the Directors or members of the senior management has held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus;
- (ii) save as disclosed above, none of the Directors or members of the senior management was related to any other Directors and members of the senior management;
- (iii) save as disclosed in “Statutory and General Information” set out in Appendix VI to this prospectus, none of the Directors or general manager of the Company held any interest in the Shares which would be required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance; and
- (iv) there was no additional matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

As of the Latest Practicable Date, none of our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

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

Rule 3.13 of the Listing Rules

Each of our independent non-executive Directors had confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she had no past or present financial or other interest in the business of the Company or its subsidiary or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there were no other factors that may affect his or her independence at the time of his or her appointments. Each of our independent non-executive Directors will inform us and the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect his or her independence.

JOINT COMPANY SECRETARIES

The Company has appointed Ms. Zhang and Ms. Yeung Siu Wai Kitty (楊小慧) as our joint company secretaries.

Ms. Yeung Siu Wai Kitty (楊小慧), is a senior manager of company secretarial services of Tricor Services Limited (a member of Vistra group). Ms. Yeung has over 15 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as private and offshore companies. Ms. Yeung currently serves as the company secretary of Phancy Group Co., Ltd. (範式智能技術集團股份有限公司) (formerly known as Beijing Fourth Paradigm Technology Co., Ltd. (北京第四範式智能技術股份有限公司)) (a company listed on the Hong Kong Stock Exchange (stock code: 06682)), and the joint company secretary of each of Deepexi Technology Co., Ltd. (滴普科技股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 01384)), Shanghai Able Digital Science&Tech Co., Ltd. (上海卓越睿新數碼科技股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 2687)), China Everbright Bank Company Limited (中國光大銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 06818)), Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 01879)) and China CITIC Bank Corporation Limited (中信銀行股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 00998)). Ms. Yeung is a chartered secretary, a chartered governance professional and an associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Yeung received her bachelor's degree of social science in administration and public management from City University of Hong Kong (香港城市大學) in November 2006 and her master's

DIRECTORS AND SENIOR MANAGEMENT

degree in corporate governance from Hong Kong Metropolitan University (香港都會大學) (formerly known as The Open University of Hong Kong (香港公開大學)) in August 2017.

BOARD COMMITTEES

We have established four Board Committees in accordance with the relevant PRC laws and regulations, the Articles of Association and the Corporate Governance Code, namely the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of three Directors, namely Dr. Du Meijie, Ms. Tang Chunlin and Mr. Lin Lin, with Dr. Du Meijie currently serving as the chairperson. Dr. Du Meijie has the appropriate professional experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee include, but are not limited to, the following:

- (i) proposing the appointment or change of external auditors to the Board, monitoring the independence of external auditors and evaluating their performance;
- (ii) examining the financial information of the Company and reviewing financial reports and statements of the Company;
- (iii) examining the financial reporting system, the risk management and internal control system of the Company, overseeing their rationality, efficiency and implementation and making recommendations to the Board; and
- (iv) dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of three Directors, namely Ms. Tang Chunlin, Dr. Du Meijie and Dr. Zhang, with Ms. Tang Chunlin currently serving as the chairperson. The primary duties of the Nomination Committee include, but are not limited to, the following:

- (i) conducting extensive search and providing the Board with suitable candidates for the Directors, general managers and other members of the senior management;
- (ii) reviewing the structure, size and composition of the Board (including but not limited to, gender, age, cultural and educational background, ethnicity, skills, knowledge and experience) at least annually, assisting the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (iii) researching and developing standards and procedures for the election of the Board members, general managers and members of the senior management, and making recommendations to the Board;
- (iv) assessing the independence of the independent non-executive Directors;

DIRECTORS AND SENIOR MANAGEMENT

- (v) supporting the Company's regular evaluation of the Board's performance; and
- (vi) dealing with other matters that are authorized by the Board.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the Corporate Governance Code. The Remuneration and Appraisal Committee consists of three Directors, namely Dr. Du Meijie, Ms. Tang Chunlin and Mr. Lin Lin, with Dr. Du Meijie currently serving as the chairperson. The primary duties of the Remuneration and Appraisal Committee include, but are not limited to, the following:

- (i) advising the Board on the overall remuneration plan and structure of the Directors and senior management and the establishment of transparent and formal procedures for determining the remuneration policy of the Company;
- (ii) monitoring the implementation of the remuneration system of the Company;
- (iii) making recommendations on the remuneration packages of the Directors and senior management; and
- (iv) dealing with other matters that are authorized by the Board.

Strategy Committee

We have established the Strategy Committee with written terms of reference. The Strategy Committee consists of three Directors, namely Dr. Zhang, Ms. Tang Chunlin and Dr. Du Meijie, with Dr. Zhang currently serving as the chairperson. The primary duties of the Strategy Committee include, but are not limited to, the following:

- (i) reviewing the Company's long-term development strategies, major investment decisions and other important matters affecting the Company's development;
- (ii) providing recommendations with respect to key strategic initiatives;
- (iii) assisting the Board in establishing the strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives; and
- (iv) dealing with other matters that are authorized by the Board.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, the Company intends to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the Listing.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman of the board and the general manager should be segregated and should not be performed by the same individual. We do not have a separate chairman of the board and general manager, and Dr. Zhang currently performs these two roles. The Board

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believes that vesting the roles of both the chairman of the board and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of the chairman of the board and the general manager of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Company intends to comply with all code provisions under the Corporate Governance Code after the Listing.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy which sets out the objective and approach for achieving and maintaining the diversity of the Board in order to enhance its effectiveness. In accordance with the board diversity policy, the Company seeks to achieve board diversity by taking into account a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate selection of Board candidates will be based on merit and potential contribution to the Board having due regard to the benefits of diversity on the Board and also the specific needs of the Company without focusing on a single diversity aspect. The Directors have a balanced mix of knowledge and skills, including overall management and strategic development as well as knowledge and experience in different areas. They obtained degrees in various areas including engineering, management, accounting and law. Furthermore, the Board has a diverse age and gender representation. Our Board comprises four female Directors and three male Directors, ranging from 41 years old to 59 years old.

With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. We will maintain a focus on gender diversity when recruiting staff at the mid to senior level so as to develop a pipeline of potential female successors to the Board. The Group will also 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 the Board members, which will be reviewed by our nomination committee periodically to maintain gender diversity of the Board. Taking into account our existing business model and specific needs as well as the different background of the Directors, the composition of the Board satisfies our board diversity policy.

Upon the Listing, the Nomination Committee will from time to time discuss and agree on expected goals to ensure board diversity, and review and, where necessary, update the board diversity policy to ensure that the policy remains effective. The Company will disclose the biographical details of each Director and report on the implementation of the board diversity policy (including whether we have achieved board diversity) in its annual corporate governance report.

DIRECTORS' REMUNERATION AND REMUNERATION OF THE FIVE HIGHEST-PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from the Company are paid in the forms of salaries, wages, bonus, pension scheme contributions and share based

DIRECTORS AND SENIOR MANAGEMENT

compensation. The independent non-executive Directors receive compensation based on their responsibilities. The remuneration of the Directors and senior management members is determined with reference to the remuneration paid by comparable companies and the achievement of major operating indicators of the Company.

The aggregate amount of remuneration (including salaries, wages, bonus, pension scheme contributions and share based compensation) paid to the Directors for the three years ended December 31, 2023, 2024 and 2025 amounted to RMB2.3 million, RMB2.6 million and RMB2.7 million, respectively.

The aggregate amount of remuneration (including salaries, wages, bonus, pension scheme contributions and share based compensation) incurred by the five highest-paid individuals of the Group (excluding Directors) for the three years ended December 31, 2023, 2024 and 2025 amounted to RMB20.8 million, RMB20.0 million and RMB23.0 million, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to the Directors for the year ending December 31, 2026 to be approximately RMB2.2 million. The actual remuneration of Directors in 2026 may be different from the expected remuneration.

We confirm that during the Track Record Period, no remuneration was paid by the Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office in connection with the management positions of the Company or any subsidiary of the Company.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by the Company or our subsidiary to our Directors or the five highest-paid individuals during the Track Record Period.

COMPLIANCE ADVISER

The Company has appointed Red Solar Capital Limited as our Compliance Adviser in compliance with Rules 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise the 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, sales or transfers of treasury shares and share repurchases;
- (iii) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to the Company in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform the Company of any amendment or supplement to the Listing Rules that are announced by the

DIRECTORS AND SENIOR MANAGEMENT

Stock Exchange. The Compliance Adviser will also inform the Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Strategies” for more details of our future business plans and strategies.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$4,499.9 million, after deducting estimated underwriting commissions, fees and expenses payable by us in connection with the Global Offering, assuming the maximum Offer Price of HK\$85.20 per H Share, and assuming the Over-allotment Option is not exercised.

In line with our strategies, we intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 60.0% of the net proceeds, or HK\$2,699.9 million, is expected to be used to enhance our R&D capabilities and expand our product portfolio over the next five years. We believe such investment will enable us to capture the core trends and application scenarios driving the evolution and value growth of analog semiconductor technologies, such as automotive intelligence and electrification, networking & computing, industrial applications, embodied AI, and edge AI. We will continue to develop our product offerings covering the automotive, server, industrial energy, and consumer electronics sectors, further enrich our product portfolio, and strengthen our proprietary process R&D and iteration capabilities. Specifically, we will focus on R&D of automotive-grade ICs, server power management ICs, sensors, BMS, high-performance audio ICs, high-speed interface ICs, and driver ICs, while continuously advancing the development and upgrading of our proprietary process technologies.

In particular, over the next five years, our strategic R&D roadmap is aligned with the key focus areas and the net proceeds will be allocated accordingly. We will significantly expand our portfolio of automotive-grade ICs, targeting the development of approximately 800 new automotive-grade ICs. Concurrently, we will bolster R&D investment in our server power management ICs, focusing on R&D of multiphase power architecture, controllers, and DrMOS devices. We will continue to grow our existing sensor product portfolios while diversifying into new categories. Building on our existing battery management and ADC/DAC products, we will also develop multiple series of high-performance BMS ICs to address a wide range of application requirements, including electric vehicles, energy storage systems, industrial, networking & computing, and consumer electronics. We will also intensify R&D investment in our proprietary process technologies. Our goal is for over 30% of our new products to adopt these optimized process technologies within this five-year period. Furthermore, we will accelerate the development and iteration of high-performance audio ICs, high-speed interface ICs, and driver ICs tailored for various application scenarios.

- (i) approximately 48.0% of the net proceeds, or HK\$2,159.9 million will be used to retain, expand and strengthen our R&D team. According to Frost & Sullivan, the semiconductor industry is a talent-intensive industry. As of December 31, 2025, our R&D team comprised 1,335 research and engineering personnel, accounting for approximately 72.8% of our total number of employees. In response to the growing demand from downstream applications adopting our products and the ongoing advancement of analog semiconductor technologies, we plan to attract and retain over

FUTURE PLANS AND USE OF PROCEEDS

500 R&D professionals annually with expertise in chip design and process development, thereby continuously enhancing our R&D capabilities as well as our proprietary process development capabilities. Specifically, we require our candidates to have a master's degree or above, with at least five years of rich experience in R&D of automotive-grade ICs, server power management ICs, sensors, BMS, high-performance audio ICs, high-speed interface ICs, and driver ICs and process development;

- (ii) approximately 7.0% of the net proceeds, or HK\$315.0 million, will be used to cover wafer fabrication, packaging and testing costs and related expenses associated with R&D; and
 - (iii) approximately 5.0% of the net proceeds, or HK\$225.0 million, will be used to invest in R&D infrastructure. Specifically, we plan to purchase (i) R&D software tools, such as EDA software, and (ii) R&D-related equipment such as testing equipment and probe stations.
- Approximately 26.0% of the net proceeds, or HK\$1,170.0 million, is expected to be used for strategic investment and/or acquisitions aimed at integrating industry resources. We seek potential investment and acquisition opportunities worldwide to invest in or acquire companies in signal chain ICs, power management ICs, sensors and other synergistic companies to further enrich our product portfolio.

Our acquisition strategy primarily targets companies within the analog and mixed-signal IC sectors. We are seeking targets with expertise in areas that include, but are not limited to, (i) signal chain analog ICs, such as OPA, comparators, audio/video ICs, analog switches, AD/DA converters, small logic, AFE, RF, Clocks, PLLs, and high-speed interfaces, SerDes; (ii) power management ICs, such as AC/DC, DC/DC, LDOs, drivers, MOSFET, GaN/SiC, ESD/TVS, battery charger & protection ICs, and AMOLED power supplies; and (iii) temperature, pressure, magnetic, and other related sensors. According to Frost & Sullivan, it is estimated that there are over 50 available targets in the markets.

Beyond the targets' product portfolio and technology, we place a critical emphasis on the core competence and stability of the targets' R&D team and their corporate culture. Over the next five years, we will be actively pursuing investment and acquisition opportunities. We believe that such industry resource integration would strengthen our competitive edge, accelerate our growth and enhance our market position. As of the Latest Practicable Date, we have not negotiated with any specific acquisition targets nor identified any such targets.

- Approximately 6.0% of the net proceeds, or HK\$270.0 million, is expected to be used for expanding overseas sales network, particularly enhancing sales and marketing capabilities in Europe, Japan, South Korea, and Singapore over the next five years. Specifically:
 - (i) approximately 5.0% of the net proceeds, or HK\$225.0 million, will be used to strengthen our sales and marketing capabilities, expand our overseas customer base by enhancing overseas sales and operation teams. This includes investing in sales and service efforts to deepen relationships with existing customers and expand our customer base overseas. We plan to recruit over 50 professionals for our sales and operation teams in Europe, Japan, South Korea, and Singapore. Additionally, in overseas markets, our overseas sales team will execute promotional campaigns to

FUTURE PLANS AND USE OF PROCEEDS

directly connect with customers and participate in exhibitions, expos, and forums to directly engage with potential customers; and

- (ii) approximately 1.0% of the net proceeds, or HK\$45.0 million, will be used to expand and establish sales centers in Europe, Japan, South Korea, and Singapore to enhance our localized development and customer service capabilities.
- Approximately 8.0% of the net proceeds, or HK\$360.0 million, will be allocated to working capital and general corporate purposes.

If the Over-allotment Option is exercised in full, the net proceeds that we will receive will be approximately HK\$5,181.7 million, assuming the maximum Offer Price of HK\$85.20 per H Share. In the event that the Over-allotment Option is exercised, we intend to apply the additional net proceeds to the above purposes in the proportions stated above.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hand, bank loans and other borrowings.

If the net proceeds of the Global Offering are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above-proposed use of proceeds.

CORNERSTONE INVESTORS

THE CORNERSTONE INVESTMENTS

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 for or cause their designated entities (including qualified domestic institutional investor(s) (“**QDII(s)**”) in respect of GF Fund Management Co., Ltd., Harvest Global Investments Limited, ICBC Wealth Management Co., Ltd., PSBC Wealth Management Co., Ltd. and Taikang Life Insurance Co., Ltd, as approved by the relevant PRC authorities) to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) which may be purchased at the Offer Price with an aggregate amount of US\$293.0 million (or approximately HK\$2,295.5 million, calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus) (exclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the “**Cornerstone Investment**”).

Based on the Offer Price of HK\$85.20 per Offer Share, being the maximum Offer Price, the total number of Offer Shares to be subscribed for by the Cornerstone Investors (including those to be subscribed through QDII(s)) would be 26,941,300. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of the Company between the Latest Practicable Date and the Listing (or the date of exercise of Over-allotment Option (where applicable)).

Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Approximate % of the Offer Shares	Approximate % of the total issued share capital	Approximate % of the Offer Shares	Approximate % of the total issued share capital
49.89%	3.99%	43.38%	3.94%

The Company is of the view that, (i) the Cornerstone Investment will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering and will provide confidence to the market; and (ii) the Cornerstone Investment demonstrates our Cornerstone Investors’ confidence in the Company and its business prospect and it will help raise the profile of the Company. The Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the business network of the Group, the Overall Coordinators or the other Capital Market Intermediaries.

The Cornerstone Investment 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 for by the Cornerstone Investors (including those to be subscribed through QDII(s)) will rank *pari passu* in all respects with the fully paid H Shares in issue following the completion of the Global Offering and to be listed on the Stock Exchange. The Offer Shares to be subscribed for by the Cornerstone Investors (including those to be subscribed through QDII(s)) will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules.

Immediately following the completion of the Global Offering, (i) none of the Cornerstone Investors or their close associates will become a substantial shareholder of the Company; (ii) none of the Cornerstone Investors or their close associates will have any Board representation in the Company

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solely by virtue of its cornerstone investment, and (iii) equity interests in the Company being beneficially owned by the three largest public Shareholders will be less than 50% for the purpose of Rule 8.08(3) of the Listing Rules.

To the best knowledge of the Company, other than GIC Private Limited, First Sentier Investors (Hong Kong) Limited, Ninety One Asia Pte. Limited, JPMorgan Asset Management (Asia Pacific) Limited, Dajia Life Insurance Co., Ltd. and Harvest Global Investments Limited (collectively, the **“Relevant Investors”**), each of which is either an existing minority Shareholder or its respective close associates, with each of the Relevant Investors (and/or their close associates) respectively holding 1% or less than 1% of the total issued share capital of the Company as of the Latest Practicable Date, (i) each of the Cornerstone Investors is an independent third party and is not an existing shareholder or close associate of the Group; (ii) none of the Cornerstone Investors is accustomed to taking instructions from the Company, the Directors, chief executive of the Company, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its 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; and (iii) none of the subscription for the relevant Offer Shares by the Cornerstone Investors is financed by the Company, the Directors, chief executive of the Company, the Controlling Shareholders, substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates for the purpose of subscription of the Offer Shares. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 1C(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders. For further details, please refer to “Waivers and Exemptions — Allocation of H Shares to Existing Minority Shareholders and their Close Associates”.

To the best knowledge of the Company and as confirmed by each of the Cornerstone Investors, they made their own independent decisions to enter into the Cornerstone Investment Agreements, and their subscriptions under the Cornerstone Investment would be financed by their own internal resources or (in the case of the Cornerstone Investor which is funds or investment manager) the assets managed for its investors. Save for JPMorgan Asset Management (Asia Pacific) Limited, First Sentier Investors (Hong Kong) Limited, GF Fund Management Co., Ltd., GF International Investment Management Limited, Harvest Global Investments Limited, HQ TELECOM SINGAPORE PTE. LTD., Sungrow Power (Hong Kong) Co., Limited, ICBC Wealth Management Co., Ltd., iSoftStone Hong Kong Limited, Ocean Fine Industrial Limited, PSBC Wealth Management Co., Ltd., Value Partners Hong Kong Limited and Value Partners Limited, none of the Cornerstone Investors or their shareholder(s) are listed on any stock exchanges. The Cornerstone Investors have also confirmed that all necessary approvals have been obtained with respect to the Cornerstone Investment and that no specific approval from any stock exchange (if relevant) or their shareholders is required for the Cornerstone Investment. Other than a guaranteed allocation of the relevant Offer Shares pursuant to the principals as set out in Chapter 4.15 of the Guide for New Listing Applicants at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. Other than the Cornerstone Investment Agreements, as confirmed by each of the Cornerstone Investors, there are no side agreements or arrangements between us 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 Offer Price.

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The total number of Offer Shares to be subscribed for by the Cornerstone Investors (including those to be subscribed through QDII(s)) under the Cornerstone Investment may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering as described in the paragraphs headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus. Further, the Overall Coordinators and the Company can adjust the number of Offer Shares on a pro rata basis to be acquired by each Cornerstone Investor in their sole and absolute discretion for the purpose of compliance with Rules 8.08(3), 19A.13A and 19A.13C of the Listing Rules, Practice Note 18 to the Listing Rules and Appendix F1 (Placing Guidelines for Equity Securities) to the Listing Rules. Details of the actual number of Offer Shares to be allocated to each of the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around June 25, 2026.

Pursuant to the Cornerstone Investment Agreements, the Overall Coordinators (for themselves and on behalf of the International Underwriters) has the discretion to effect a delayed delivery of the Offer Shares to be subscribed for by certain Cornerstone Investors (including those to be subscribed through QDII(s)) on a date later than the Listing Date, subject to the conditions contained therein. 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, each of the Cornerstone Investor has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed for by the Cornerstone Investors (including those to be subscribed through QDII(s)) pursuant to the Cornerstone Investment Agreements.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange’s consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering is uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

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The table below sets out details of the Cornerstone Investment (based on the Offer Price of HK\$85.20):

Cornerstone Investor	Subscription amount (in USD million)	Number of Offer Shares to be acquired ⁽¹⁾⁽²⁾	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
GIC Private Limited	50.0	4,597,700	8.51%	0.68%	7.40%	0.67%
JPMAMAPL	49.0	4,505,700	8.34%	0.67%	7.26%	0.66%
CPE Ginkgo	38.0	3,494,200	6.47%	0.52%	5.63%	0.51%
Da Cheng International	3.0	275,800	0.51%	0.04%	0.44%	0.04%
Dajia Life	3.0	275,800	0.51%	0.04%	0.44%	0.04%
DAMSIMF	3.0	275,800	0.51%	0.04%	0.44%	0.04%
First Sentier Investors	20.0	1,839,000	3.41%	0.27%	2.96%	0.27%
GF Fund Management	10.0	919,500	1.70%	0.14%	1.48%	0.13%
GF Fund HK	2.0	183,900	0.34%	0.03%	0.30%	0.03%
Golden Continent	3.0	275,800	0.51%	0.04%	0.44%	0.04%
HGI	3.0	275,800	0.51%	0.04%	0.44%	0.04%
HHLRA	39.0	3,586,200	6.64%	0.53%	5.77%	0.52%
HHLRA (as the investment manager of an SMA managed for CPP Investments)	10.0	919,500	1.70%	0.14%	1.48%	0.13%
Huadeng Technology	5.0	459,700	0.85%	0.07%	0.74%	0.07%
Huaqin Singapore	7.0	643,600	1.19%	0.10%	1.04%	0.09%
Sungrow Power	4.0	367,800	0.68%	0.05%	0.59%	0.05%
ICBC Wealth	3.0	275,800	0.51%	0.04%	0.44%	0.04%
iSoftStone HK	3.0	275,800	0.51%	0.04%	0.44%	0.04%
LMR Master Fund	3.0	275,800	0.51%	0.04%	0.44%	0.04%
Millennium Capital	5.0	459,700	0.85%	0.07%	0.74%	0.07%
Ninety One Asia	3.0	275,800	0.51%	0.04%	0.44%	0.04%
Ocean Fine Industrial	4.0	367,800	0.68%	0.05%	0.59%	0.05%
PSBC Wealth	3.0	275,800	0.51%	0.04%	0.44%	0.04%
Taikang Life	8.0	735,600	1.36%	0.11%	1.18%	0.11%
Value Partners Hong Kong Limited	10.1	928,700	1.72%	0.14%	1.50%	0.14%
Value Partners Limited	1.9	174,700	0.32%	0.03%	0.28%	0.03%
Total	293.0	26,941,300	49.89%	3.99%	43.38%	3.94%

- (1) Calculated based on the exchange rate set out in the section headed “Information about this Prospectus and the Global Offering — Exchange Rate Conversion” in this prospectus.
- (2) Rounded down to the nearest whole board lot of 100 H Shares.
- (3) Assuming no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the date of exercise of Over-allotment Option.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Investment.

GIC Private Limited

GIC Private Limited is a leading global investment firm established in 1981 to secure Singapore’s financial future. As the manager of Singapore’s foreign reserves, it takes a long-term,

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disciplined approach to investing. Its asset allocation strategy spans three asset groups — Equities, Fixed Income, and Real Assets. These include investments in developed and emerging market equities, nominal and inflation-linked bonds, private equity, real estate, alternatives, and infrastructure. It is headquartered in Singapore, with a global presence including a talent force of over 2,300 people in 11 key financial cities and investments in over 40 countries. It seeks to add meaningful value to its investments and be an investor of choice by leveraging its long-term approach, multi-asset capabilities, and global connectivity.

JPMAMAPL

JPMorgan Asset Management (Asia Pacific) Limited (“**JPMAMAPL**”), a company incorporated in Hong Kong in November 1974, has entered into a cornerstone investment agreement with the Company and the Joint Sponsors, in its capacity as the investment advisor or investment manager for and on behalf of the following funds: (i) JPMorgan Funds-China A-share Opportunities, (ii) JPMorgan China Pioneer A-share Funds, (iii) JPMorgan China A-share Opportunities, (iv) JPMorgan Funds — China Fund, (v) JPMorgan China Growth and Income, and (vi) certain other pooled funds, segregated accounts and mandates.

To the best of JPMAMAPL’s knowledge, no single ultimate beneficial owner holds 30% or more interest in those funds. JPMAMAPL is a wholly-owned subsidiary of JPMorgan Asset Management (Asia) Inc., an investment management company, which is ultimately wholly owned by JPMorgan Chase & Co., which is a company organized under United States, Delaware law as a corporation that has issued shares of common stock to investors. JPMC’s shares are listed on the New York Stock Exchange (stock code: JPM). JPMAMAPL is licensed by the Securities and Futures Commission (SFC) Hong Kong.

CPE Ginkgo

CPE Ginkgo Investment Limited (“**CPE Ginkgo**”) is a business company incorporated under the laws of the BVI and its primary business activity is investment holding. It is a subsidiary of CPE Global Opportunities Fund II, L.P. (“**CPE GOF II**”), an exempted limited partnership formed under the laws of the Cayman Islands. CPE GOF II focuses on investments in companies with high growth potentials, such as healthcare, consumer, technology and industrial sectors across China. Apart from CPE GOF II, no other shareholder holds 30% or more interest in CPE Ginkgo. The general partner of CPE GOF II is CPE GOF GP Limited, a company incorporated in the Cayman Islands with limited liability. CPE GOF GP Limited is directly and wholly owned by CPE Management International Limited, which is in turn wholly owned by CPE Management International II Limited, both of which are companies incorporated in the Cayman Islands with limited liability. CPE Management International II Limited is an investment holding company. CPE Management International II Limited is owned by a number of shareholders that are natural persons who are independent third parties and none of whom holds 30% or more interest in CPE Management International II Limited. CPE GOF II’s investor base comprises both corporate and entrepreneurial investors, and none of the limited partners hold 30% or more interest in CPE GOF II.

Da Cheng International

Established in Hong Kong on March 19, 2009 with registered capital of HK\$200 million, Da Cheng International Asset Management Company Limited (“**Da Cheng International**”), a wholly-

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owned subsidiary of Dacheng Fund Management Company Limited (“**Dacheng Fund**”), strives to provide comprehensive and integrated asset management and investment consultancy services for its clients. No single ultimate beneficial owner holds 30% or more interest in Dacheng Fund. Pursuant to the SFO, Da Cheng International was licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities, and it obtained the qualification as an investment manager of the National Social Security Fund in 2015 to serve as an investment manager of the National Council for Social Security Fund of the People’s Republic of China (全國社會保障基金理事會). Da Cheng International acts as the investment manager or investment advisor, with discretionary investment power for Da Cheng China Balanced Fund which is managed or sub-managed by Da Cheng International. No single ultimate beneficial owner holds 30% or more interests in Da Cheng China Balanced Fund. Da Cheng International has a mature product line, which consists of public funds (including investments in China’s securities markets and overseas securities markets), private funds and portfolios of discretionary accounts. Da Cheng International is one of the eleven Hong Kong subsidiaries with QFII/RQFII qualifications issued by CSRC and one of the only four holders of the National Social Security Fund Overseas Investment Manager qualification. In October 2018, Da Cheng International became one of the first batch to obtain the Hong Kong Stock Connect Overseas Investment Consultant Qualification.

Dajia Life

Dajia Life Insurance Co., Ltd. (大家人壽保險股份有限公司) (“**Dajia Life**”) is a professional life insurance company which is a subsidiary of Dajia Insurance Group, which is ultimately controlled by China Insurance Security Fund Company Limited (“**China Insurance Company**”). China Insurance Company is wholly owned by the Ministry of Finance of the People’s Republic of China. Established in June 2010 and headquartered in Beijing, Dajia Life has a registered capital of RMB30.79 billion and mainly engages in various personal insurance businesses such as life insurance, health insurance, accident insurance, reinsurance business of the above-mentioned businesses, and other businesses approved by the National Financial Regulatory Administration. Currently Dajia Life has a total of 19 provincial-level branches in operation.

DAMSIMF

Dymon Asia Multi-Strategy Investment Master Fund (“**DAMSIMF**”) is an investment fund established in the Cayman Islands. The investors in DAMSIMF are Dymon Asia Multi-Strategy Investment Fund and Dymon Asia Multi-Strategy Investment (US) Fund. DAMSIMF is a multi-manager, multi-asset class fund which seeks to generate absolute consistent uncorrelated returns with minimal volatility. Asset classes traded are: FX, Fixed Income/Rates, Equities, Credit and Commodities. DAMSIMF is managed by Dymon Asia Capital (Singapore) Pte. Ltd. (“**DACS**”). DACS is a wholly-owned subsidiary of and directly controlled by Dymon Asia Capital Ltd, whose shareholders Danny Yong and Keith Tan each holds more than 10% interests therein, with Danny Yong having the controlling stake of Dymon Asia Capital Ltd. Apart from Danny Yong, no other shareholder holds 30% or more interest in Dymon Asia Capital Ltd. DACS is headquartered in Singapore with an affiliate in Hong Kong that is licensed by the SFC to carry out type 9 (asset management) and type 1 (dealing in securities) regulated activities. Save for an Australian sovereign wealth fund who holds 30% or more interest in DAMSIMF, no other single ultimate beneficial owner holds 30% or more interest in DAMSIMF.

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First Sentier Investors

First Sentier Investors (Hong Kong) Limited (“**First Sentier Investors**”) is a private company incorporated in Hong Kong and is a SFC licensed asset manager. It is a discretionary asset manager that has assets under management of at least HK\$200 billion (as of December 31, 2025) and has an investment track record of at least 15 years.

First Sentier Investors is an indirect wholly-owned subsidiary of First Sentier Group Limited. First Sentier Group Limited is in turn, a wholly-owned indirect subsidiary of Mitsubishi UFJ Financial Group, Inc., a company listed on the Tokyo Stock Exchange (stock code: 8306), the Nagoya Stock Exchange (stock code: 8306) and the New York Stock Exchange (stock code: MUFG).

First Sentier Investors will subscribe for the Offer Shares as cornerstone investors in its capacity as the discretionary asset manager for and on behalf of certain funds.

GF Fund

GF Fund Management Co., Ltd. (廣發基金管理有限公司) (“**GF Fund Management**”) and GF International Investment Management Limited (廣發國際資產管理有限公司) (“**GF Fund HK**”, together with GF Fund Management, “**GF Fund**”) have respectively entered into cornerstone investment agreements with our Company. GF Fund Management was established on August 5, 2003. As of December 31, 2025, its assets under management exceeded RMB 2 trillion. It offers a comprehensive range of product offerings, covering active equity, bonds, money market, overseas investments, passive investments, FOF, and quantitative hedging, among others, to meet the diversified investment needs of domestic and international clients. The controlling shareholder of GF Fund Management is GF Securities Co., Ltd. (“**GF Securities**”), a limited company listed on the Stock Exchange (stock code: 1776) and the Shenzhen Stock Exchange (stock code: 000776), holding a 54.53% equity interest in GF Fund Management. Apart from GF Securities, no other shareholder holds 30% or more of the equity in GF Fund Management.

GF Fund HK is a wholly-owned subsidiary of GF Fund Management. GF Fund HK (central entity number of its Hong Kong Securities and Futures Commission license: AXL121) was incorporated in Hong Kong in December 2010. It is licensed by the SFC to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. GF Fund HK serves as the global investment and business platform for its parent company, GF Fund Management. Acting as GF Fund Management’s overseas window company, GF Fund HK strategically connects the Chinese and overseas markets. Leveraging the investment and research capabilities of GF Fund Management and its competitive advantages in the overseas market, GF Fund HK provides comprehensive and high-quality services to its clients.

GF Fund Management and GF Fund HK will subscribe for the Offer Shares as cornerstone investors in their capacity as the discretionary investment managers of certain funds under their management. To the best knowledge of GF Fund Management and GF Fund HK, each fund is an independent third party, and no ultimate beneficial owner holds 30% or more interest.

Golden Continent

Golden Continent Global Vision Open-ended Fund Company-Value Opportunity Fund N0.2 (“**Golden Continent**”) is an open-ended fund company authorized by the Securities and Futures

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Commission of Hong Kong (SFC) under Section 104 of the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFC Authorization Number: BUF704), with Golden Continent Asset Management Co., Limited (holding Type 4 and Type 9 asset management licenses issued by the SFC, Central Entity Number: BTE516) acting as its manager. The entire share capital of Golden Continent Asset Management Co., Limited is wholly owned by an independent third party, Mr. Qi Mingyang. Golden Continent primarily invests in high-quality listed company securities in global capital markets, aiming to achieve long-term capital appreciation through proactive investment management.

HGI

Harvest Global Investments Limited (嘉實國際資產管理有限公司) (“**HGI**”) was established in Hong Kong in 2008 and is licensed by the SFC to conduct the regulated activities of asset management, advising on securities, and dealing in securities. HGI has nearly two decades of experience in discretionary asset management serving institutional and retail clients.

HGI is the wholly-owned subsidiary of Harvest Financial Group Limited (“**HFG**”) since July 2024, and HFG is the wholly-owned subsidiary of Harvest Fund Management Co., Ltd (“**HFM**”). HFM is owned as to 40% by China Credit Trust Co. Ltd (which is in turn held as to 32.9% by The People’s Insurance Company (Group) of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601319) and the Stock Exchange (stock code: 1339)), 30% by Lixin Investment Co., Ltd and 30% by DWS Investments Singapore Limited. HFM was established as one of the first asset management companies in China in 1999. Since then, HFM has grown into one of the largest asset managers in China. The Harvest group (namely HFM and HGI) had approximately USD 265 billion of assets under management as of end of December 2025.

HGI’s on-the-ground team understands how policy decisions impact local markets, the complexities of risk on-shore and off-shore and have their finger on the pulse of companies primed for quantum growth. HGI’s investment and management teams combine top-pedigree international experience with intimate knowledge of Chinese markets. At the investment level, as the forefront of Harvest Fund’s overseas investments, HGI has always adhered to HFM’s progressive and steady investment philosophy, embracing the resource sharing of the integrated investment research system and the investment management process centered on “research-driven investment”, and built an investment management team with comprehensive management capabilities.

HGI will subscribe for the Offer Shares as cornerstone investor in its capacity as the discretionary investment manager for and on behalf of certain funds and mandate accounts. To the best of HGI’s knowledge, no single ultimate beneficial owner holds 30% or more interest in the participating funds or accounts, and each of such fund or account is an independent third party.

HHLRA

HHLR Advisors, Ltd. (“**HHLRA**”) is an exempted company incorporated in the Cayman Islands that acts as the investment manager of investment funds (collectively the “**HHLRA Funds**”), which are limited partnerships formed under the laws of the Cayman Islands. There is no individual limited partner investor who holds an economic interest of 30% or more in the HHLRA Funds. HHLRA intends to hold the Offer Shares through one of the HHLRA Funds, namely HACE, L.P.

HHLRA also acts as the investment manager of segregated management accounts (“**SMA**s”). HHLRA intends to hold the Offer Shares through an SMA managed for **CPP Investments**.

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HHLRA collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across industrial, consumer, healthcare and business services sectors. HHLRA manages capital for global institutions, including non-profit foundations, endowments, and pensions. HHLRA is entering the Cornerstone Investment Agreement with the Company in its capacity as an investment manager and on behalf of the HHLRA Funds and SMAs.

Huadeng Technology

Huadeng Tech Ace Investment Ltd (“**Huadeng Technology**”) is a company incorporated in the British Virgin Islands. Huadeng Technology and its affiliates have a solid industrial and investment background in the semiconductor and AI industries. There is no shareholder holding 30% or more of the shareholding interests in Huadeng Technology.

Huaqin Singapore

HQ TELECOM SINGAPORE PTE. LTD. (“**Huaqin Singapore**”) is a limited company incorporated under the laws of Singapore in 2019 primarily engaged in electronic product sales and equity investment business. Huaqin Singapore is wholly owned by Huaqin Co., Ltd. (華勤技術股份有限公司) (“**Huaqin**”), a company listed on the Shanghai Stock Exchange (stock code: 603296) and the Stock Exchange (stock code: 3296). Huaqin is a globally leading, technology-driven smart product platform company. It provides smart products covering mobile terminals, computing and data center business, AIoT, and innovative business fields to the world’s leading technology companies, offering customers end-to-end solutions across the entire value chain. As a globally leading full-stack ODM platform for smart products, Huaqin has achieved the world’s No. 1 position in multiple smart product categories. Huaqin is a customer of the Company.

Sungrow Power

Sungrow Power (Hong Kong) Co., Limited (“**Sungrow Power**”) is a limited company established in Hong Kong. Sungrow Power is a wholly-owned subsidiary of Sungrow Power Supply Co., Ltd. (“**Sungrow**”), a company listed on the Shenzhen Stock Exchange (stock code: 300274) specialized in R&D, production and sales of new energy equipment including PV inverter, energy storage system, wind power converters, charging equipment and hydrogen energy equipment. Sungrow is a customer of the Company.

ICBC Wealth

ICBC Wealth Management Co., Ltd. (工銀理財有限責任公司) (“**ICBC Wealth**”) was established in May 2019 in Beijing, with a registered capital of RMB16 billion. It is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code: 1398). The business scope of ICBC Wealth is public issuance of wealth management products to the general public, investment and management of entrusted assets for investors; non-public issuance of wealth management products to qualified investors, investment and management of entrusted assets for investors; wealth management advisory and consulting services; and other businesses as approved by the banking regulatory authority under the State Council.

As confirmed by ICBC Wealth, the subscription of the Offer Shares as a Cornerstone Investor will be made by ICBC Wealth in its capacity as the discretionary investment manager of certain wealth

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management products under its discretionary management, and no single ultimate beneficial owner holds 30% or more interests in such products.

iSoftStone HK

iSoftStone Hong Kong Limited (“**iSoftStone HK**”) is a wholly-owned subsidiary of iSoftStone Information Technology (Group) Co., Ltd. (“**iSoftStone**”), a company listed on the Shenzhen Stock Exchange (stock code: 301236). iSoftStone is the leading full-stack intelligent products and services provider in China, committed to becoming a globally influential technology company.

LMR Master Fund

LMR Multi-Strategy Master Fund Limited (“**LMR Master Fund**”) is established in the Cayman Islands and managed by LMR Partners LLP (“**LMR Partners**”, together with its affiliates, “**LMR**”), a global multi-strategy investment firm founded in 2009, specializing in liquid, market-neutral trading strategies with a focus on relative value. LMR employs both systematic and discretionary approaches to construct a diversified portfolio designed to generate uncorrelated returns. LMR currently manages over US\$11 billion in assets on behalf of a global institutional client base. LMR has over 350 employees across offices in London, New York, Hong Kong, Zurich, Dubai, Dublin, and Glasgow. Mr. Benjamin Levine, who is an Independent Third Party, is the only individual that owns 30% or more interest in LMR Partners. There is no individual underlying investor that has 30% beneficial ownership or more in the LMR Master Fund.

Millennium Capital

Millennium Capital Management (Singapore) Pte. Ltd. (“**Millennium Capital**”) is the principal investment manager of Integrated Core Strategies (Asia) Pte. Ltd. (“**Millennium ICSA**”), the cornerstone investor. Millennium Capital is one of the investment management entities in the Millennium Group (Millennium Capital, together with its affiliated entities, are collectively referred to herein as “**Millennium**”). Millennium is a global, diversified alternative investment management firm and seeks to pursue a diverse range of investment strategies across industry sectors, asset classes and geographies. Millennium ICSA is incorporated in Singapore and Millennium Capital is licensed by the Monetary Authority of Singapore. Apart from Mr. Israel Englander, no ultimate beneficial owner holds 30% or more in Millennium Capital, and Mr. Israel Englander is an independent third party. No ultimate beneficial owner holds 30% or more interests in Millennium ICSA.

Ninety One Asia

Ninety One Asia Pte. Limited (“**Ninety One Asia**”) is a fund management company registered in Singapore and regulated by the Monetary Authority of Singapore (“**MAS**”). The company holds an Accredited/Institutional Licensed Fund Management Company (A/I LFMC) license, authorized to manage investment funds exclusively for accredited and institutional investors. The company focuses on asset management, with its core business being the management of equity investment funds. Ninety One Asia has a market-renowned investment team, focusing on investments in industries such as AI, TMT, consumer, healthcare, and advanced manufacturing, aiming to identify outstanding companies that transform industry business models and the most forward-thinking entrepreneurs through in-depth industry analysis and accurate grasp of emerging technology and consumer trends. Ninety One Asia serves as the discretionary investment manager for Enreal China Master Fund and Forreal China Value Fund, both of which are Great China focused long-only funds investing in Hong Kong and Chinese

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Mainland stock markets as well as Chinese ADRs. The ultimate beneficial owner of Enreal China Master Fund and Forreal China Value Fund holding 30% or more of its interest is a global institutional investor with several hundred billion USD in assets under management rather than an individual investor.

Ocean Fine Industrial

Ocean Fine Industrial Limited (“**Ocean Fine Industrial**”) is a company incorporated in Hong Kong in 2003, principally engaged in the provision of import and export of semiconductor and electronic component testing services. It is a wholly-owned subsidiary of Tongfu Microelectronics Co., Ltd. (通富微電子股份有限公司) (“**Tongfu**”), a company listed on Shenzhen Stock Exchange (stock code: 002156). Tongfu is an integrated circuit packaging and testing service provider, offering global customers a one-stop service from design simulation to packaging and testing. Tongfu is a supplier of the Company.

PSBC Wealth

PSBC Wealth Management Co., Ltd. (中郵理財有限責任公司) (“**PSBC Wealth**”) was established on December 18, 2019, with a registered capital of RMB8.0 billion, in which Postal Savings Bank of China Co., Ltd. (中國郵政儲蓄銀行股份有限公司), a company listed on the Stock Exchange (stock code: 1658), holds a 100% stake and is ultimately controlled by China Post Group Corporation Limited (中國郵政集團有限公司). Its business scope is public issuance of wealth management products to the general public, investment and management of entrusted assets for investors; non-public issuance of wealth management products to eligible investors, investment and management of entrusted assets for investors; financial advisory and consulting services, etc. PSBC Wealth remained firmly committed to balanced development of scale, quality and profitability, aimed at fostering core competitiveness, deepened investment analysis, marketing, internal control, operational reforms and digital transformation, and continued to improve the rule-based, specialized and market-oriented development of wealth management business.

Taikang Life

Taikang Life Insurance Co., Ltd (“**Taikang Life**”), a company incorporated in China, is a wholly-owned subsidiary of Taikang Insurance Group Inc. There is no shareholder holding 30% or more in Taikang Insurance Group Inc. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group Inc. is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, and TK.CN. Its product offering covers life insurance, internet-based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others.

Value Partners

Each of Value Partners Hong Kong Limited (incorporated in Hong Kong in 1999) and Value Partners Limited (incorporated in the British Virgin Islands in 1991) (together with other subsidiaries

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under Value Partners Group Limited (“**Value Partners**”)), acts as investment manager or investment advisor to the following investment funds: (i) Value Partners China Greenchip Fund Limited, (ii) Value Partners Intelligent Funds — China Convergence Fund, (iii) Value Partners Intelligent Funds — Chinese Mainland Focus Fund, (iv) Value Partners Intelligent Funds — JA-VP China New Century Fund, (v) Value Partners Classic Fund, (vi) Value Partners High-Dividend Stocks Fund, (vii) Value Partners Fund Series — Value Partners Asian Income Fund, (viii) Value Partners Fund Series — Value Partners Asian Innovation Opportunities Fund, (ix) Value Partners Multi — Asset Fund, (x) Value Partners Funds SPC — Value Partners China A-Share Innovation Fund SP, (xi) Value Partners Ireland Fund ICAV — Value Partners Asia Ex-Japan Equity Fund, and (xii) Value Partners Ireland Fund ICAV — Value Partners China A Shares High Dividend Fund.

Both Value Partners Hong Kong Limited and Value Partners Limited are wholly-owned subsidiaries of Value Partners Group Limited, a company listed on the Stock Exchange (stock code:0806). Value Partners is one of Asia’s largest independent asset management firms. It is headquartered in Hong Kong and operates in Shanghai, Shenzhen and Singapore. Value Partners’ investment strategies cover equities, fixed income, multi-asset, quantitative investment solutions and alternatives for institutional and individual clients in the Asia Pacific and Europe. As of December 31, 2025, it has asset under management of approximately US\$6.2 billion.

CLOSING CONDITIONS

The subscription obligation of each of the Cornerstone Investors under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (a) 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 these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon and the price determination agreement having been agreed to be signed between the Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the Investor Shares) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) the CSRC having accepted the CSRC Filings and published the filing results in respect of the CSRC Filings on its website, and such notice of acceptance and/or filing results published not having otherwise been rejected, withdrawn, revoked or invalidated prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (e) no Laws shall have been enacted or promulgated by any Governmental Authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (f) the representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are true, accurate and

CORNERSTONE INVESTORS

complete in all respects and not misleading and that there is no material breach of such Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreement, save for in certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

UNDERWRITING

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited

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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 Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

For details of the structure of the Global Offering, see the section headed “Structure of the Global Offering” in this prospectus.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute discretion, shall have the right by giving a notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (i) there develops, occurs, exists or comes into force:
 - (a) 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

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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

- (b) 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
- (c) 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
- (d) 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 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
- (e) 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
- (f) 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)

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Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or

- (g) 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 the Company or announcing an intention to take any such action; or
- (h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group Company or the Controlling Shareholders or on any Relevant Jurisdiction, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (i) 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
- (j) 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
- (k) 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 the Controlling Shareholders or any Director or senior management members as named in the Prospectus; or
- (l) any contravention by any Group Company or any Director of the Listing Rules or applicable Laws; or
- (m) 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):

- (1) has or will or may have a material adverse effect;
- (2) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
- (3) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering, or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or
- (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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- (ii) 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:
- (a) any statement contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding names, logos, addresses and qualifications of the Joint Sponsors, the Sponsor-OCs, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the CMIs and the Underwriters) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (b) 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
 - (c) 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 Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
 - (d) 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 the Hong Kong Underwriting Agreement; or
 - (e) any breach of any of the obligations or undertakings imposed upon the Company to the Hong Kong Underwriting Agreement, the International Underwriting Agreement; or
 - (f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or
 - (g) that the Chairman of the Board, any Director or any member of senior management of the Company named in the Prospectus seeks to retire, or is removed from office or vacating his/her office; or
 - (h) 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
 - (i) 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
 - (j) 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

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granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or

- (k) 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
- (l) 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
- (m) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (n) (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
- (o) 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.

Undertakings by the Company to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option); or (b) under the circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders to the Stock Exchange pursuant to the Listing Rules

Pursuant to Rule 10.07 of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that:

- (a) at any time in the period commencing on the date by reference to which disclosure of their shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, they shall not and shall procure that the relevant registered holder(s) shall not dispose of, nor enter into any agreement to dispose of or

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otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by the Prospectus to be the beneficial owner(s) (the “**Relevant Securities**”); and

- (b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, they shall not and shall procure that the relevant registered holder(s) shall not 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 referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be the Controlling Shareholders (as defined in the Listing Rules) of the Company.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

- (i) when any of them pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07 of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of Relevant Securities so pledged or charged; and
- (ii) when any of them receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters referred to in paragraphs (i) and (ii) above by the Controlling Shareholders and disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, and the Underwriters that, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), the Company 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 Listing Rules, at any time during the period commencing on the date hereof and ending on, and including, the date falling six months after the Listing Date (the “**First Six-Month Period**”):

- (i) 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

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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 interests in any of the foregoing (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any such 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);

- (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 H Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities which are 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);
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) offer to or agree to any such transaction described in (i), (ii) or (iii) above or announce any intention to do so,

in each case, whether any of the transactions described in (i), (ii) or (iii) above is to be settled by delivery of any such share capital or other securities of the Company or, in cash or otherwise (whether or not the issue of such share capital or other securities of the Company will be completed within the First Six-Month Period). For the avoidance of doubt, the lock-up undertaking above shall not apply to any issue of debt securities by the Company which are not convertible into equity securities of the Company or of any securities of other member of the Group.

In addition, the Company has further undertaken to each of the Joint Sponsors and the Underwriters, in the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”), the Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions described in (i), (ii) or (iii) above, the Company has undertaken to take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

Hong Kong Underwriters’ Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group. Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Company’s H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

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International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, on or around the Price Determination Date, and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See “Structure of the Global Offering — The International Offering.”

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 8,100,100 H Shares, representing not more than 15% 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. See “Structure of the Global Offering — Over-allotment Option.”

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 0.7% 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 0.5% 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**”). Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees paid or payable to all Underwriters and all Capital Market Intermediaries is approximately 52.5:47.5. 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, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK\$109.4 million (assuming an indicative Offer Price of HK\$85.20 per Offer Share, the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by the Company.

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Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group’s loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in “Structure of the Global Offering.” Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITING

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (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
- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to the Company and certain of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

STRUCTURE OF 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 and Huatai Financial Holdings (Hong Kong) Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this prospectus.

54,001,200 Offer Shares will initially be made available under the Global Offering comprising:

- (a) the Hong Kong Public Offering of initially 5,400,200 H Shares (subject to reallocation) in Hong Kong as described in the sub-section “ — The Hong Kong Public Offering” in this section below; and
- (b) the International Offering of initially 48,601,000 H Shares (subject to reallocation and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S or any other available exemption from registration under the U.S. Securities Act, as described in the sub-section headed “— The International Offering” in this section below.

Investors may either:

- (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 8.0% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares (including H Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 9.1% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 5,400,200 H Shares (subject to reallocation) 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 and approximately 0.8% of the total Shares in issue immediately following the completion of the Global Offering (subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming the Over-allotment Option is not exercised).

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

STRUCTURE OF THE GLOBAL OFFERING

allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A and pool B will be allocated respectively on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the “price” for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the 5,400,200 Offer Shares initially comprised in the Hong Kong Public Offering (that is 2,700,100 Offer Shares) is liable to 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 discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

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 deem appropriate. 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 2,699,900 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

STRUCTURE OF THE GLOBAL OFFERING

the Hong Kong Public Offering will increase up to 8,100,100 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.

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.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Thursday, June 25, 2026.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their 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

For details of the information, undertaking and confirmation that each applicant under the Hong Kong Public Offering will be required to give and the price that applicants under the Hong Kong Public Offering are required to pay, see the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 48,601,000 H Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 7.2% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

Pursuant to the International Offering, the International Offer Shares will be conditionally placed on behalf of our Company by the International Underwriters or through selling agents appointed by them. The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers)

STRUCTURE OF THE GLOBAL OFFERING

whose ordinary business involves dealing in shares and other securities and corporate entities which 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 subsection headed “— Pricing — Determining the Offer Price” in this section 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 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 (for themselves and on behalf of the Underwriters) may require an 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.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require our Company to issue up to an aggregate of 8,100,100 additional H Shares, representing not more than 15% of the total number of Offer Shares under the Global Offering, at the Offer Price under the International Offering to, cover over-allocations (if any) in the International Offering. If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.2% of our issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to

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stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering, being Thursday, July 23, 2026.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- (a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;
- (b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;
- (c) liquidation of any such long position by the 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 the H Shares;
- (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering, being Thursday, July 23, 2026. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;
- (e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 8,100,100 H Shares representing up to approximately 15% of the number of Offer Shares being offered initially under the Global Offering), through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the Offer Price for the Offer Shares allocated to such investor will be paid on the Listing Date.

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Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

PRICING AND ALLOCATION

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. Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be agreed on the Price Determination Date, which is expected to be on Wednesday, June 24, 2026, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$85.20 per Offer Share, unless otherwise announced by the Company no later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as further explained below.

A Shares on the Shenzhen Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at), and the Offer Price will not be more than HK\$85.20. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK\$85.20 per Offer 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%, amounting to a total of HK\$8,605.92 for one board lot of 100 Shares.

The historical prices of our A Shares and trading volume on Shenzhen Stock Exchange are set out below.

<u>Period</u>	<u>High (RMB)</u>	<u>Low (RMB)</u>	<u>ADTV⁽¹⁾ (A Shares)</u>
Year ended December 31, 2023	193.2	68.8	2,985,226
Year ended December 31, 2024	119.9	58.4	4,144,039
Year ended December 31, 2025	126.6	63.1	14,043,315
Year of 2026 (up to the Latest Practicable Date)	127.8	62.0	25,935,444

Note:

(1) Average daily trading volume (“ADTV”) represents daily average number of our A Shares traded over the relevant period.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and

STRUCTURE OF THE GLOBAL OFFERING

institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.sg-micro.com, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares will be final and conclusive. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in the prospectus and any other financial information which may change materially as a result of such reduction. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced.

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Thursday, June 25, 2026 on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.sg-micro.com.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the 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 about Wednesday, June 24, 2026; and
- (c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at www.sg-micro.com and www.hkexnews.hk, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of H Share Certificates and Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) 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 Friday, June 26, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, June 26, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, June 26, 2026. The H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 3661.

HOW TO APPLY FOR HONG KONG OFFER SHARES

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (*for the **HK eIPO White Form** service only*); and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are an existing Shareholder or its/his/her close associates;
- are a Director or any of his/her close associates;
- are a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Wednesday, June 17, 2026 and end at 12:00 noon on Tuesday, June 23, 2026 (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

<u>Application Channel</u>	<u>Platform</u>	<u>Target Investors</u>	<u>Application Time</u>
HK eIPO White Form service	www.hkeipo.hk	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, June 17, 2026, to 11:30 a.m. on Tuesday, June 23, 2026, (Hong Kong time). The latest time for completing full payment of application monies will be 12:00 noon on Tuesday, June 23, 2026 (Hong Kong time).
HKSCC EIPO channel	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 instructions.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **HK eIPO White Form** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions, and you are advised not to wait until the last day for applications to apply for Hong Kong Offer Shares.

For those applying through the **HK eIPO White Form** service, once you complete payment in respect of any application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the application instructions are given, you shall be deemed to have declared that only one set of application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **HK eIPO White Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and

HOW TO APPLY FOR HONG KONG OFFER SHARES

severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instruction given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	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. Hong Kong identity card ("HKID") or ii. National identification document; or iii. Passport; and • Identity document number	• 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. Legal Entity Identifier ("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 **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.
- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both 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 shares in a public offer. 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 of the joint beneficial owners. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If an application is made by an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“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 the **HKSCC EIPO** channel and making an application under a power of attorney, the Overall Coordinators may accept it at their discretion and on any conditions they 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 maximum Offer Price is HK\$85.20 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%.

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 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 Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

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

HOW TO APPLY FOR HONG KONG OFFER SHARES

No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment	No. of Hong Kong Offer Shares applied for	Maximum Amount payable ⁽²⁾ on application/ successful allotment
	HK\$		HK\$		HK\$		HK\$
100	8,605.92	2,500	215,148.10	30,000	2,581,777.25	600,000	51,635,545.20
200	17,211.85	3,000	258,177.72	40,000	3,442,369.68	700,000	60,241,469.40
300	25,817.77	3,500	301,207.35	50,000	4,302,962.10	800,000	68,847,393.60
400	34,423.70	4,000	344,236.97	60,000	5,163,554.52	900,000	77,453,317.80
500	43,029.62	4,500	387,266.59	70,000	6,024,146.95	1,000,000	86,059,242.00
600	51,635.55	5,000	430,296.21	80,000	6,884,739.35	1,500,000	129,088,863.00
700	60,241.47	6,000	516,355.45	90,000	7,745,331.78	2,000,000	172,118,484.00
800	68,847.39	7,000	602,414.69	100,000	8,605,924.20	2,700,100 ⁽¹⁾	232,368,559.32
900	77,453.32	8,000	688,473.93	200,000	17,211,848.40		
1,000	86,059.24	9,000	774,533.17	300,000	25,817,772.60		
1,500	129,088.86	10,000	860,592.42	400,000	34,423,696.80		
2,000	172,118.49	20,000	1,721,184.85	500,000	43,029,621.00		

(1) Maximum number of Hong Kong Offer Shares you may apply for and this is 50% of the Hong Kong Offer Shares initially offered.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) or to the **HK eIPO White Form** Service Provider (for applications made through the application channel of the **HK eIPO White Form** service) while the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy will be paid to the SFC, the Stock Exchange and the AFRC, respectively.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed “— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply” in this section. If you are suspected of submitting or causing to be submitted more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) the **HKSCC EIPO** channel or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **HK eIPO White Form** service or the **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple / Suspected Multiple Applications (“**Best Practice Note**”) issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

HOW TO APPLY FOR HONG KONG OFFER SHARES

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or the **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- (i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators (or their agents or nominees), as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated **HKSCC** Participant's stock account on your behalf;
- (ii) confirm that you have read and understood the terms and conditions and application procedures set out in this prospectus and the designated website of the **HK eIPO White Form** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;
- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on the Hong Kong Public Offering set out in this prospectus and they do not apply to you or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it, and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made), and will not rely on any other information or representations;
- (vi) agree that we, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our and their respective directors, officers, employees, partners, agents, advisers and other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar, the **HK eIPO White Form** Service Provider and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;
- (viii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes specified under the paragraph headed "— G. Personal Data" in this section;

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- (ix) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (x) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed “— B. Publication of Results” in this section;
- (xi) confirm that you are aware of the situations specified in the paragraph headed “— C. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares” in this section;
- (xii) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xiii) agree and warrant that you have complied with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Articles of Association, and laws of any place outside Hong Kong that apply to your application, and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiv) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and the person(s) for whose benefit you have made the application are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xv) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by 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 Shares registered in your name or otherwise held by you;
- (xvi) warrant that the information you have provided is true and accurate;
- (xvii) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you, and that you may be prosecuted for making a false declaration;
- (xviii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xix) authorize us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such

HOW TO APPLY FOR HONG KONG OFFER SHARES

other registers as may be required under the Memorandum and Articles of Association, and we and/or our agents to send any H Share certificate(s) and/or any **HK eIPO White Form** e-Auto Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application to the address specified in your application instructions by ordinary post at your own risk, unless you are eligible to collect the H Share certificate(s) and/or refund check(s) in person;

- (xx) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xxi) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the application channel of the **HK eIPO White Form** service or by anyone as your agent or by any other person; and
- (xxii) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving application instructions to HKSCC or the **HK eIPO White Form** Service Provider and (b) you have due authority to give electronic application instructions on behalf of that other person as its agent.

B. 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 the HK eIPO White Form service or HKSCC EIPO channel		
Website	The designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a “search by ID” function. The full list of (i) wholly or partially successful applicants using the HK eIPO White Form service and HKSCC EIPO channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult. The Stock Exchange’s website at www.hkexnews.hk and our website at www.sg-micro.com, which will provide links to the above-mentioned websites of the H Share Registrar.	24 hours, from 11:00 p.m. on Thursday, June 25, 2026 to 12:00 midnight on Wednesday, July 1, 2026 (Hong Kong time). No later than 11:00 p.m. on Thursday, June 25, 2026 (Hong Kong time).
Telephone	+852 3691 8488 - the allocation results telephone enquiry line provided by the H Share Registrar	Between 9:00 a.m. and 6:00 p.m., from Friday, June 26, 2026 to Thursday, July 2, 2026 (except Saturday, Sunday and public holidays in Hong Kong)

HOW TO APPLY FOR HONG KONG OFFER SHARES

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Wednesday, June 24, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Wednesday, June 24, 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 results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.sg-micro.com by no later than 11:00 p.m. on Thursday, June 25, 2026 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the 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. For details, see “— A. Application for Hong Kong Offer Shares 5. — Multiple Applications Prohibited” in this section;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or

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- the Company or the Overall Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted 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 Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Friday, June 26, 2026 (Hong Kong time), provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

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The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
Despatch/collection of H Share certificate		
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person from the H Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong Time: from 9:00 a.m. to 1:00 p.m. on Friday, June 26, 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 H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	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 application of less than 1,000,000 Hong Kong Offer Shares	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. Date: Thursday, June 25, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Friday, June 26, 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	HK eIPO White Form e-Auto Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address specified in your application instructions by ordinary post at your own risk.	

Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Thursday, June 25, 2026 rendering it impossible for the relevant H Share certificates

HOW TO APPLY FOR HONG KONG OFFER SHARES

to be dispatched to HKSCC in a timely manner, we shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. For details, see “— E. Severe Weather Arrangements” in this section.

E. SEVERE WEATHER ARRANGEMENTS

The application lists will not open or close on Tuesday, June 23, 2026 if there is/are:

- a tropical cyclone warning signal number 8 or above;
- a “black” rainstorm warning; and/or
- Extreme Conditions

(collectively, “**Severe Weather Signals**”)

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, June 23, 2026 (Hong Kong time).

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 Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon (Hong Kong time).

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in 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.sg-micro.com of the revised timetable.

If a Severe Weather Signal is hoisted on Thursday, June 25, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository’s service counter so that they would be available for trading on Friday, June 26, 2026, and for application of less than 1,000,000 Hong Kong Offer Shares, despatch of physical H Share certificate(s) will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Thursday, June 25, 2026 or on Friday, June 26, 2026).

If a Severe Weather Signal is hoisted on Friday, June 26, 2026, for application of 1,000,000 Hong Kong Offer Shares or more, physical H Share certificate(s) will be available for collection in person at the H Share Registrar’s office after the Severe Weather Signal is lowered or canceled (e.g. in the afternoon of Friday, June 26, 2026 or on Monday, June 29, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the 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 Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

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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 Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisers for details of those settlement arrangements as such arrangements may affect your rights and interests.

G. **PERSONAL DATA**

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. Such personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. **Personal Information Collection Statement**

This Personal Information Collection Statement informs applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. **Reasons for the Collection of Your Personal Data**

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the 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 the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. **Purposes**

Your personal data may be used, held, processed and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **HK eIPO White Form** e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;

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- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's register of members;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants for and holders of the H Shares and/or regulators and/or any other purposes to which applicants for and holders of the H Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operations;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purposes of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

The Company and the H Share Registrar will keep the personal data of the applicants for and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the

HOW TO APPLY FOR HONG KONG OFFER SHARES

personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.



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The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SG MICRO CORP AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of SG Micro Corp (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-104, which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-15 to I-104 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 17 June 2026 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting

accountants' 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 set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025, and of the financial performance and cash flows of the Group for the years then ended in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Ernst & Young*Certified Public Accountants*

Hong Kong

17 June 2026

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The historical financial information of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	5	2,615,716	3,346,983	3,898,055
Cost of sales		(1,440,156)	(1,766,139)	(2,095,593)
Gross profit		1,175,560	1,580,844	1,802,462
Other income and gains	6	120,963	108,309	193,378
Selling and marketing expenses		(198,571)	(234,184)	(258,450)
Administrative expenses		(91,409)	(106,086)	(125,874)
Research and development expenses		(737,074)	(870,747)	(1,045,195)
Impairment losses on financial assets and contract assets, net	7	(1,677)	(1,086)	(2,457)
Other expenses		(3,697)	(2,606)	(9,527)
Finance costs	8	(2,277)	(2,242)	(11,996)
Share of (losses)/profits of associates		(7,679)	12,581	7,549
PROFIT BEFORE TAX	7	254,139	484,783	549,890
Income tax credit/(expense)	11	15,798	6,379	(15,515)
PROFIT FOR THE YEAR		269,937	491,162	534,375
Attributable to:				
Owners of the parent		280,768	500,249	547,060
Non-controlling interests		(10,831)	(9,087)	(12,685)
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:				
Basic	13	0.46	0.82	0.89
Diluted	13	0.46	0.81	0.88

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	<u>269,937</u>	<u>491,162</u>	<u>534,375</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	4,205	4,783	(9,641)
Others	<u>35</u>	<u>23</u>	<u>(118)</u>
Other comprehensive income/(loss) for the year, net of tax	<u>4,240</u>	<u>4,806</u>	<u>(9,759)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>274,177</u>	<u>495,968</u>	<u>524,616</u>
Attributable to:			
Owners of the parent	285,008	505,055	537,301
Non-controlling interests	<u>(10,831)</u>	<u>(9,087)</u>	<u>(12,685)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	545,191	691,094	711,825
Other intangible assets	17	33,743	52,837	85,978
Right-of-use assets	16	61,747	52,060	38,837
Goodwill	18	80,875	78,692	301,277
Deferred tax assets	19	161,791	175,896	151,264
Investments in associates	20	423,360	508,329	555,364
Time deposits	26	10,182	379,427	371,754
Financial assets at fair value through profit or loss, non current	21	109,163	121,849	115,991
Other non-current assets	22	32,336	20,321	23,371
Total non-current assets		1,458,388	2,080,505	2,355,661
CURRENT ASSETS				
Inventories	23	901,367	1,164,817	1,448,216
Trade and bills receivables at amortised cost	24	166,472	232,764	362,830
Trade and bills receivables at fair value through other comprehensive income		—	—	260
Contract assets		—	—	2,084
Prepayments, other receivables and other assets	25	86,236	100,084	137,634
Financial assets at fair value through profit or loss	21	769,093	1,378,000	1,340,087
Cash and cash equivalents	26	1,303,007	813,194	1,181,028
Time deposits	26	—	—	81,810
Restricted cash	26	22,289	1,755	44,540
Total current assets		3,248,464	3,690,614	4,598,489
CURRENT LIABILITIES				
Trade payables	27	264,141	316,000	400,910
Other payables and accruals	28	321,780	478,419	470,629
Interest-bearing bank borrowings	29	—	36,579	329,729
Lease liabilities	16	17,884	19,565	12,752
Contract liabilities	30	14,894	18,307	18,389
Total current liabilities		618,699	868,870	1,232,409
NET CURRENT ASSETS		2,629,765	2,821,744	3,366,080
TOTAL ASSETS LESS CURRENT LIABILITIES		4,088,153	4,902,249	5,721,741
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	29	—	34,121	67,172
Lease liabilities	16	26,992	14,370	7,767
Deferred tax liabilities	19	50,240	56,726	54,799
Other payables and accruals	28	45,581	72,071	8,703
Deferred income	31	71,516	75,701	68,195
Other non-current liabilities	32	50,000	50,000	187,999
Total non-current liabilities		244,329	302,989	394,635
NET ASSETS		3,843,824	4,599,260	5,327,106

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION—continued

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
EQUITY				
Equity attributable to owners of the parent				
Share capital	33	469,487	473,450	620,063
Reserves	35	3,381,060	4,135,777	4,674,322
		3,850,547	4,609,227	5,294,385
Non-controlling interests		(6,723)	(9,967)	32,721
Total equity		3,843,824	4,599,260	5,327,106

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to owners of the parent							
		Share capital	Capital reserves*	Share-based payment reserve*	Reserve funds*	Exchange fluctuation reserve*	Other reserves*	Retained profits*	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		358,061	499,653	416,369	179,031	20,800	82,594	1,909,950	3,466,458
Profit for the year		—	—	—	—	—	—	280,768	280,768
Other comprehensive income for the year:									
Share of OCI of associates		—	—	—	—	—	35	—	35
Exchange differences on translation of the financial statements		—	—	—	—	4,205	—	—	4,205
Total comprehensive income for the year		—	—	—	—	4,205	35	280,768	285,008
Equity-settled share-based payment schemes		3,580	199,513	(72,678)	—	—	—	—	130,415
Tax effect from equity-settled share-based payment schemes		—	—	(14,404)	—	—	—	—	(14,404)
Share-based payment compensation	34	—	—	116,860	—	—	—	—	116,860
Acquisition of non-controlling interests		—	(17,581)	—	—	—	—	—	(17,581)
Capital contribution from non-controlling shareholders		—	(18,891)	—	—	—	—	—	(18,891)
Transfer from retained profits		—	—	—	30,736	—	—	(30,736)	—
2022 final dividend settled by cash	12	—	—	—	—	—	—	(107,846)	(107,846)
Capital reserve converted to capital	35	107,846	(107,846)	—	—	—	—	—	—
Share of capital reserve of associates ...		—	—	—	—	—	10,528	—	10,528
Balance at 31 December 2023		469,487	554,848	446,147	209,767	25,005	93,157	2,052,136	3,850,547
								(6,723)	3,843,824

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

	Notes	Attributable to owners of the parent							
		Share capital	Capital reserves*	Share-based payment reserve*	Reserve funds*	Exchange fluctuation reserve*	Other reserves*	Retained profits*	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		469,487	554,848	446,147	209,767	25,005	93,157	2,052,136	3,850,547
		—	—	—	—	—	—	500,249	500,249
Profit for the year		—	—	—	—	—	—	—	23
Other comprehensive income for the year:		—	—	—	—	4,783	—	—	4,783
Share of OCI of associates		—	—	—	—	—	23	—	23
Exchange differences on translation of the financial statements		—	—	—	—	4,783	—	—	4,783
Total comprehensive income for the year		—	—	—	—	4,783	23	500,249	505,055
Equity-settled share-based payment schemes		3,963	271,533	(61,152)	—	—	—	—	214,344
Tax effect from equity-settled share-based payment schemes		—	—	949	—	—	—	—	949
Share-based payment compensation	34	—	—	81,468	—	—	—	—	81,468
Capital contribution from non-controlling shareholders		—	(2,275)	—	—	—	—	—	(2,275)
Transfer from retained profits		—	—	—	26,958	—	—	(26,958)	—
2023 final dividend settled by cash	12	—	—	—	—	—	—	(47,073)	(47,073)
Share of capital reserve of associates		—	—	—	—	—	6,212	—	6,212
Balance at 31 December 2024		<u>473,450</u>	<u>824,106</u>	<u>467,412</u>	<u>236,725</u>	<u>29,788</u>	<u>99,392</u>	<u>2,478,354</u>	<u>4,609,227</u>
								<u>(9,967)</u>	<u>4,599,260</u>
									<u>3,843,824</u>
								<u>(6,723)</u>	<u>3,837,100</u>
								<u>(9,087)</u>	<u>3,828,013</u>
									<u>491,162</u>
									<u>23</u>
									<u>4,783</u>
									<u>495,968</u>
									<u>214,344</u>
									<u>949</u>
									<u>81,468</u>
									<u>200</u>
									<u>(47,073)</u>
									<u>6,212</u>
									<u>4,599,260</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

	Attributable to owners of the parent										
	Notes	Share capital	Capital reserves*	Share-based payment reserve*	Reserve funds*	Exchange fluctuation reserve*	Other reserves*	Retained profits*	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		473,450	824,106	467,412	236,725	29,788	99,392	2,478,354	4,609,227	(9,967)	4,599,260
Profit for the year		—	—	—	—	—	—	547,060	547,060	(12,685)	534,375
Other comprehensive income for the year:											
Share of OCI of associates		—	—	—	—	—	(118)	—	(118)	—	(118)
Exchange differences on translation of the financial statements		—	—	—	—	(9,641)	—	—	(9,641)	—	(9,641)
Total comprehensive income for the year		—	—	—	—	(9,641)	(118)	547,060	537,301	(12,685)	524,616
Equity-settled share-based payment schemes		4,021	292,866	(69,643)	—	—	—	—	227,244	—	227,244
Tax effect from equity-settled share-based payment schemes		—	—	(5,840)	—	—	—	—	(5,840)	—	(5,840)
Share-based payment compensation	34	—	—	152,411	—	—	—	—	152,411	6,702	159,113
Acquisition of non-controlling interests		—	(39,920)	—	—	—	—	—	(39,920)	36,578	(3,342)
Effect on non-controlling interests of the acquisition of a subsidiary		—	—	—	—	—	—	—	—	12,093	12,093
To acquire non-controlling interests obligations arising from acquisitions of subsidiaries**		—	(130,580)	—	—	—	—	—	(130,580)	—	(130,580)
Capital reserve converted to capital	35	142,592	(142,592)	—	—	—	—	—	—	—	—
Transfer from retained profits		—	—	—	54,706	—	—	(54,706)	—	—	—
2024 final dividend settled by cash		—	—	—	—	—	—	(95,062)	(95,062)	—	(95,062)
Share of capital reserve of associates		—	—	—	—	—	39,604	—	39,604	—	39,604
Balance at 31 December 2025		620,063	803,880	544,340	291,431	20,147	138,878	2,875,646	5,294,385	32,721	5,327,106

* These reserve accounts comprise the consolidated reserves of RMB3,381,060,000, RMB4,135,777,000 and RMB4,674,322,000 in the consolidated statement of financial position as at 31 December 2023, 2024 and 2025, respectively.

** When certain subsidiaries meet specific performance criteria, the non-controlling shareholders of the corresponding subsidiaries have the right to demand the Company to purchase their remaining shares. In response, the Company recognized this obligation as a financial liability, with the corresponding amount charged to equity.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		254,139	484,783	549,890
Adjustments for:				
Finance costs	8	2,277	2,242	11,996
Listing expense		—	—	—
Foreign exchange differences, net	6, 7	(415)	(6,204)	8,869
Share of losses/(profits) of associates		7,679	(12,581)	(7,549)
Gains on disposal of items of property, plant and equipment, intangible assets and right-of-use assets, net	6, 7	(62)	(3,283)	(1,009)
Depreciation of property, plant and equipment	7,14	101,555	125,154	150,120
Depreciation of right-of-use assets	7,16	22,599	23,788	22,047
Amortization of intangible assets	7,17	13,932	19,172	25,678
Amortization of deferred income	31	(7,303)	(11,005)	(39,447)
Impairment losses on goodwill	7,18	—	2,183	—
Impairment of contract assets	7	—	—	410
Impairment losses on financial assets, net		1,677	1,086	2,047
Fair value losses/(gains), net:				
Equity investments at fair value through profit or loss	7	3,134	(3,147)	(26,479)
Wealth management products	6,7	(1,602)	(7,407)	(16,030)
Interest income	6	(34,720)	(31,687)	(30,061)
Gains on disposal of investments at fair value through profit or loss	7	(18,230)	(18,597)	(18,616)
Share-based payment expenses	7,34	118,791	84,836	159,113
Increase in inventories		(199,443)	(263,450)	(270,924)
Increase in trade and bills receivables at amortised cost		(56,546)	(67,517)	(116,057)
Increase in trade and bills receivables at fair value through other comprehensive income		—	—	(260)
Increase in contract assets		—	—	(122)
(Increase)/decrease in prepayments, other receivables and other assets		(31,011)	(1,966)	18,335
Increase/(decrease) in trade payables		(22,781)	51,859	81,944
Increase/(decrease) in contract liabilities		(4,667)	3,413	(1,668)
Increase/(decrease) in other payables and accruals		(42,113)	119,863	(27,672)
Increase in deferred government grants		1,600	—	—
(Increase)/decrease in restricted cash		(7,616)	20,534	(43,975)
Cash generated from operations		100,874	512,069	430,580
Interest received		34,720	31,687	15,671
Income tax paid		26,202	(9,607)	(11,872)
Net cash flows from operating activities		161,796	534,149	434,379

CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of wealth management products		2,092,500	2,563,500	5,107,000
Proceeds from disposal of items of property, plant and equipment, intangible assets and other non-current assets		4	—	2,154
Proceeds from disposal of time deposits upon maturity		—	—	160,000
Proceeds of the income from time deposits		—	—	9,511
Purchases of items of property, plant and equipment		(204,032)	(209,026)	(232,643)
Purchase of time deposits		(10,000)	(362,979)	(229,258)
Additions to other intangible assets		(29,218)	(31,287)	(23,523)
Purchases of investments in associates		(19,867)	(68,000)	—
Dividend from equity investments at fair value through profit or loss		—	—	311
Dividend from associates		—	—	1,847
Proceeds of the income from wealth management products		18,230	18,286	33,464
Purchases of wealth management products		(2,332,000)	(3,165,000)	(5,080,000)
Proceeds from disposal of equity investments at fair value through profit or loss		—	—	59,432
Purchase of subsidiaries		—	—	(254,135)
Intentional deposit of the purchase of an investment		—	—	(5,000)
Payment the performance guarantee for project funds		(1,190)	(1,190)	—
Refund the performance guarantee for project funds		—	1,190	1,190
Purchases of equity investments at fair value through profit or loss		(64,420)	(9,000)	(15,000)
Receipt of government grants for property, plant and equipment . . .		8,874	15,190	31,941
Net cash flows used in investing activities		(541,119)	(1,248,316)	(432,709)

CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		130,415	214,344	227,244
Contributions from non-controlling shareholders of subsidiaries		50,000	200	—
New bank loans		—	70,646	362,554
Interest paid		—	(451)	(3,258)
Payment of lease payments	16	(23,780)	(22,537)	(22,543)
Prepayments for the right of use assets		(550)	(1,125)	—
Payment of bank and other borrowings		—	—	(62,585)
Payment of listing expense		—	—	(18,262)
Acquisition of non-controlling interests		(8,924)	—	(3,342)
Dividends paid		(107,846)	(47,073)	(95,062)
Net cash flows from financing activities		39,315	214,004	384,746
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
EQUIVALENTS		(340,008)	(500,163)	386,416
Cash and cash equivalents at beginning of year		1,638,363	1,303,007	813,194
Effect of foreign exchange rate changes, net		4,652	10,350	(18,582)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,303,007	813,194	1,181,028
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
EQUIVALENTS				
Cash and bank balances		1,325,296	814,949	1,225,568
Restricted cash		(22,289)	(1,755)	(44,540)
Cash and cash equivalents as stated in the consolidated statement of financial position		1,303,007	813,194	1,181,028
Cash and cash equivalents as stated in the consolidated statement of cash flows		1,303,007	813,194	1,181,028

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	396,191	277,038	278,679
Investment properties	15	—	148,739	143,407
Right-of-use assets	16	39,674	26,112	11,959
Other intangible assets	17	24,750	45,351	44,173
Goodwill	18	24,484	24,484	24,484
Investment in subsidiaries	45	422,989	513,940	947,203
Investments in associates	20	423,360	508,329	555,364
Financial assets at fair value through profit or loss, non current	21	77,247	86,592	104,567
Deferred tax assets	19	164,713	180,067	171,255
Time deposits	26	—	368,915	371,754
Other non-current assets	22	30,366	15,924	18,286
Total non-current assets		1,603,774	2,195,491	2,671,131
CURRENT ASSETS				
Inventories	23	774,098	969,934	1,226,959
Trade and bills receivables at amortised cost	24	79,335	160,423	273,686
Prepayments, other receivables and other current assets	25	63,239	56,946	93,052
Financial assets at fair value through profit or loss, current	21	704,344	1,338,813	1,242,018
Due from subsidiaries	45	213,855	267,157	192,823
Restricted cash	26	21,099	565	44,250
Time deposits	26	—	—	65,309
Cash and cash equivalents	26	952,636	387,516	758,757
Total current assets		2,808,606	3,181,354	3,896,854
CURRENT LIABILITIES				
Trade payables	27	193,650	267,490	330,871
Contract liabilities	30	5,489	7,908	7,899
Due to subsidiaries	45	11,818	91,149	283,371
Interest-bearing bank borrowings-current liabilities	29	—	—	300,928
Other payables and accruals	28	214,209	263,521	202,632
Lease liabilities	16	13,037	11,860	3,926
Total current liabilities		438,203	641,928	1,129,627
NET CURRENT ASSETS		2,370,403	2,539,426	2,767,227
TOTAL ASSETS LESS CURRENT LIABILITIES		3,974,177	4,734,917	5,438,358
NON-CURRENT LIABILITIES				
Lease liabilities-non current	16	21,726	8,387	1,670
Other payables and accruals	28	42,224	31,521	—
Deferred income	31	68,545	59,281	47,842
Deferred tax liabilities	19	14,965	16,802	—
Total non-current liabilities		147,460	115,991	49,512
Net assets		3,826,717	4,618,926	5,388,846
EQUITY				
Share capital	33	469,487	473,450	620,063
Reserves	35	3,357,230	4,145,476	4,768,783
TOTAL EQUITY		3,826,717	4,618,926	5,388,846

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

SG Micro Corp (hereinafter referred to as “the Company”) is a limited company registered in Beijing, Chinese Mainland on 26 January 2007. The registered address of the Company is Room 4-1106, 11th Floor, No. 87, Xisanhuan North Road, Haidian District, Beijing, the People’s Republic of China (the “PRC”). On 6 June 2017, the Company’s A shares were listed on the Shenzhen Stock Exchange.

During the Relevant Periods, the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are principally engaged in designing, developing and selling analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. These products are widely applied in Industrial & Energy, Automotive, Networking & Computing and Consumer Electronics.

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong). The particulars of the Company’s principal subsidiaries are as follows:

Name*	Notes	Place and date of incorporation/ registration and place of operations	Registered share capital (in thousand)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
		Hong Kong				Development of semiconductor technology, technology transfer, sales and trade
SG MICRO (HK) LIMITED	a	05 December 2005	HKD10	100.00%	—	
SHANGHAI SG MICRO CO., LTD.	b	13 October 2016	RMB30,000	100.00%	—	R&D and sales service
SHANGHAI PINGSHENG MICRO CO., LTD.	b	26 November 2018	RMB2,450	100.00%	—	R&D
		PRC/Shanghai				
SHEN AN MICRO CO., LTD.	b	19 August 2019	RMB16,000	56.00%	—	R&D
SG MICRO SUZHOU CO., LTD.	d	09 February 2021	RMB15,683	100.00%	—	R&D and sales services
		PRC/Suzhou				
SG MICRO JIANGYIN CO., LTD.	b	27 October 2021	RMB150,000	100.00%	—	R&D and testing services
		PRC/Wuxi				
SG MICRO HANGZHOU CO., LTD.	c	22 December 2021	RMB2,000	100.00%	—	R&D and sales services
		PRC/Hangzhou				
SHENZHEN SHENAN MICRO CO., LTD.	c	01 December 2023	RMB2,000	—	56.00%	R&D and sales services
		PRC/Shenzhen				
SG MICRO HARBIN CO., LTD.	b	29 June 2023	RMB100,000	100.00%	—	R&D and sales
		PRC/Harbin				
SG MICRO JAPAN K.K.	c	16 November 2023	JPY10,000	—	100.00%	Sales services
		Japan				
SG MICRO GMBH	c	6 March 2024	EUR100	—	100.00%	Sales services
		Germany				
SG MICRO SHANGHAI CO., LTD.	e	16 December 2024	RMB30,000	100.00%	—	R&D and sales
		PRC/Shanghai				

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

1. CORPORATE INFORMATION—continued

Name*	Notes	Place and date of incorporation/ registration and place of operations	Registered share capital (in thousand)	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
GANRUI TECH (CHANGZHOU) CO., LTD.	f	PRC/Changzhou 21 October 2016	RMB3,322	68.9918%	—	Controlling Stake
VTRAN TECH (CHANGZHOU) CO., LTD.	f	PRC/Changzhou 16 January 2017	RMB80,000	—	68.9918%	R&D and sales
SG MICRO SHENZHEN CO., LTD.	g	PRC/Shenzhen 21 January 2025	RMB60,000	100.00%	—	R&D and sales services
SG MICRO DALIAN CO., LTD.	g	PRC/Dalian 24 July 2025	RMB20,000	100.00%	—	R&D
TeraDevices Inc.	f	PRC/Shanghai 29 March 2018	RMB5,697	77.5418%	—	R&D and sales
SG MICRO CHENGDU CO., LTD.	g	PRC/Chengdu 29 December 2025	RMB30,000	100.00%	—	R&D and sales

Notes:

- (a) The statutory financial statements for the entity were prepared in accordance with IFRS Accounting Standards. The statutory auditor is Raymond Yeung & Co. for the year ended 31 December 2023 and 2024. No audited financial statements have been prepared for the entity for the year ended 31 December 2025 as at the date of this report.
- (b) The statutory financial statements for these entities were prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP"). The statutory auditor is Grant Thornton Zhitong Certified Public Accountants LLP for the year ended 31 December 2023 and 2024. No audited financial statements have been prepared for these entities for the year ended 31 December 2025 as at the date of this report.
- (c) No audited financial statements have been prepared for the entity for the year ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of registration.
- (d) The statutory financial statements for the entity were prepared in accordance with PRC GAAP. The statutory auditor for the year ended 31 December 2023 and 2024 were Suzhou Genhood Certified Public Accountants Co., Ltd. and Suzhou Genhood Certified Public Accountants Co., Ltd.. No audited financial statements have been prepared for the entity for the year ended 31 December 2025 as at the date of this report.
- (e) No audited financial statements have been prepared for the year 2023 as the entity was registered in 2024. And no audited financial statements have been prepared for the entity for the year ended 31 December 2024 and 2025 as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdictions of registration.
- (f) These entities were acquired in 2025, and no audited financial statements have been prepared since the acquisition date.
- (g) No audited financial statements have been prepared for these entities for the year ended 31 December 2023 and 2024 as these entities was registered in 2025. And no audited financial statements have been prepared for the year ended 31 December 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of registration.
- * The English names of these entities registered in Chinese Mainland represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board.

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025 together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.1 BASIS OF PREPARATION—continued**

The Historical Financial Information has been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVTOCI”) and derivative financial instruments, which have been measured at fair value.

Basis of consolidation

The historical financial information include the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS**

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective:

IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19 and its amendments	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ²
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ¹

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting period beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES**Investments in associates**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated statements of comprehensive income, respectively. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes in the consolidated statement

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

of changes in equity. Unrealized gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealized losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

The criteria for determining a material associate are that its book value accounts for more than 5% of the total assets in the consolidated financial statements, or that the investment income (losses calculated in absolute amounts) from the associate accounts for more than 10% of the net profit in the consolidated financial statements.

Investments in subsidiaries

The results of subsidiaries are included in the Company's statements of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognized in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gains or losses on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets, inventories, and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The annual depreciation rates used for this purpose are as follows:

	<u>Useful lives (year)</u>	<u>Residual value rate</u>	<u>Annual depreciation rate</u>
Motor vehicles	4	—	25.00%
Office furniture	5	—	20.00%
Electronic equipment and others	3-10	—	33.33%-10.00%
Buildings	30	—	3.33%
Leasehold improvements	3-5	—	33.33%-20.00%
Special Tooling	2	—	50.00%

Leasehold improvements shall be amortized over the lease term or their useful lives, whichever is shorter, with no residual value.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the Group chooses the cost model to measure all of its investment property.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The annual depreciation rates used for this purpose are as follows:

	<u>Useful lives (year)</u>	<u>Residual value rate</u>	<u>Annual depreciation rate</u>
Buildings	30	—	3.33%

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents, non-patented technology, certificate of layout rights for integrated circuits, software copyright and software

Patents, non-patented technology, certificate of layout rights for integrated circuits, software copyright and software are stated at cost less any impairment losses. Patents is generally amortized on the straight-line basis over its estimated useful lives of 10 to 20 years. Non-patented technology is generally amortized on the straight-line basis over its estimated useful lives of 5 to 10 years. Certificate of layout rights for integrated circuits is generally amortized on the straight-line basis over its estimated useful lives of 10 years. Software copyright is generally amortized on the straight-line basis over its estimated useful lives about 10 years. Software is generally amortized on the straight-line basis over its estimated useful lives less than 5 years.

Research and development expenses

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, right-of-use assets are depreciated on a straight-line basis over the estimated useful life of the underlying asset. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	50 years
Parking space use rights	31.67 years
Buildings	1.17 to 6 years

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued****(c) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and electronic equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognized in other comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and bills receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities at fair value through profit or loss, financial liabilities included in other payables and other non-current liabilities, interest-bearing bank borrowings.

For option arrangement to purchase the Group's subsidiary's share capital from non-controlling shareholders and redemption financial liabilities which are the redeemable preferred shares invested by non-controlling shareholders of a subsidiary, the Group initially recognizes a financial liability measured at amortised cost and at the present value of the redemption amount with a corresponding amount debited to equity. Changes in the amortised cost during the Relevant Periods were recognised in profit or loss.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade payables, financial liabilities included in other payables and other non-current liabilities, and interest-bearing bank borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Derivative financial instruments*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as foreign currency agreements, to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is mainly determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, time deposits and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition*Revenue from contracts with customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued****(a) Sale of products**

Revenue from the sale of products (mainly power management ICs and signal chain ICs) is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products or customer's acceptance of the products.

For contracts which provide a customer with a right to return the goods within a specified period, the Group bases its estimates of sales return on historical results. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognized. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

(b) Rendering of services

Revenue of other services is recognized when the customer passes the acceptance and the development results are submitted.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Contract costs

Other than the costs which are capitalized as inventories, property, plant and equipment and intangible assets, costs incurred to fulfill a contract with a customer are capitalized as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalized contract costs are amortized and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Right-of-return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of the reporting period.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the Black-Scholes formula. Since there are no cash settlement alternatives, the Group accounts for the share-based payment schemes as equity-settled share-based schemes, further details are included in note 34 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**

the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

Other Employee benefits*Pension scheme*

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividends distributed to the shareholders is recognized as a liability in the period when the dividends are approved by the entities' shareholders or directors, where appropriate.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2.3 MATERIAL ACCOUNTING POLICIES—continued**Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are recorded using an exchange rate determined by a systematic and reasonable method that approximates the spot exchange rate on the transaction date for conversion. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates during the reporting period.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the combined statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued**Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information:

Deferred tax assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses or temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Business model

The classification of financial assets upon initial recognition depends on the Groups business model for managing financial assets. In determining the business model, the Group considers the ways in which the Company evaluates and reports the performance of financial assets to key management personnel, the risks that affect the performance of financial assets and their management, and the way in which relevant business management personnel are remunerated. When evaluating whether to target the collection of contractual cash flows, the Group needs to analyse and judge the reasons, timing, frequency and value of the financial assets sold before the maturity date.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets. When it is necessary to judge whether the contractual cash flows are only payments of principal and interest based on outstanding principal, it is necessary to judge whether the contractual cash flows are significantly different from the benchmark cash flows when the valuation includes amendments to the time value of money.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration arising from price adjustments or sales returns

For contracts with similar characteristics, the Group estimates price adjustments and sales return rates based on historical performance, evolving customer demand, prevailing market conditions, and the product lifecycle stage, using the most reliable available information. Due to inherent uncertainties, the estimated amounts may differ from the actual outcomes. The Group reassesses the estimated price adjustments or return rates at least as of each balance sheet date, and determines the accounting treatment based on the revised estimates.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued***Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2023, 2024 and 2025 were RMB80,875,000, RMB78,692,000 and RMB301,277,000. Further details are given in note 18.

Provision for expected credit losses on trade and bills receivables

The Group assesses impairment of trade and bills receivables using the expected credit loss model. The application of the expected credit loss model requires significant judgment and estimation, and all reasonable and supportable information, including forward-looking information, must be considered. When making these judgments and estimations, the Group infers the expected changes in the credit risk of debtors based on historical repayment data in combination with economic conditions, macroeconomic indicators, industry risks and other factors. Different estimates may affect the amount of impairment provisions recognized, and the impairment provisions already recognized may not equal the actual impairment losses in the future.

The information about the ECLs on the Group's trade and bills receivables is disclosed in note 24 to the Historical Financial Information, respectively.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of inventories

The Group measures inventories at the lower of cost and net realizable value. For inventories where the cost exceeds the net realizable value, a write-down of inventories is recognized. At the end of each reporting period, the Company reassesses whether the inventories is obsolete or slow-moving and whether the net realizable value is lower than the inventory cost. If the reassessment results differ from the existing estimates, such differences will impact the carrying value of the inventories in the period in which the estimates are revised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued***Fair value of unlisted equity investments*

The unlisted equity investments have been valued net asset value of underlying investments as detailed in note 42 to the financial statements.

The Group classifies the fair value of these investments as Level 3. Further details are included in note 21 to the financial statements.

4. OPERATING SEGMENT INFORMATION**(a) Description of segments and principal activities**

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of ICs products.

(b) Segment information

There was no single customer from which the revenue amounted to 10% or more of the Group's revenue for the Relevant Periods.

The Group's non-current assets excluding financial instruments and deferred taxes were primarily located in Chinese Mainland as at the end of each of the Relevant Periods.

5. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers:			
Disaggregated by major products or service lines			
- Power management ICs	1,746,024	2,181,660	2,379,834
- Signal chain ICs	864,242	1,156,700	1,471,023
- Others	5,450	8,623	47,198
Total revenue	<u>2,615,716</u>	<u>3,346,983</u>	<u>3,898,055</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5. REVENUE—continued

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Geographical information			
Hong Kong	1,358,701	1,484,881	1,921,049
Chinese Mainland	1,042,216	1,497,608	1,635,122
Taiwan	91,117	134,205	171,691
Others	123,682	230,289	170,193
Total revenue	<u>2,615,716</u>	<u>3,346,983</u>	<u>3,898,055</u>
Timing of revenue recognition			
Goods and services transferred at a point in time	2,615,716	3,346,983	3,898,055
Total revenue	<u>2,615,716</u>	<u>3,346,983</u>	<u>3,898,055</u>

The following table shows the amounts of revenue recognized during the Relevant Periods that were included in the contract liabilities at the beginning of each of the respective period:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in contract liabilities at the beginning of the year			
Sale of products	17,675	12,913	13,245
Rendering of services	—	—	4,151
Total	<u>17,675</u>	<u>12,913</u>	<u>17,396</u>

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied when the products are delivered or accepted by the customer, and payment is generally due within certain days upon delivery or after acceptance, except for new customers, where payment in advance is normally required.

Rendering of services

The performance obligation is satisfied upon completion and acceptance of the services and payment is generally due upon completion of the services.

For the above contracts with customers, they are rendered in a short period of time, which is generally less than one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

6. OTHER INCOME AND GAINS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	50,541	37,844	101,072
Bank interest income	34,720	31,687	30,061
Subtotal	85,261	69,531	131,133
Gains			
Foreign exchange income, net	415	6,204	—
Gains on disposal of investments at fair value through profit or loss:			
Wealth management products	18,230	18,286	6,521
Equity investments at fair value through profit or loss	—	311	12,095
Gains on disposal of items of property, plant and equipment and right-of-use assets	62	3,283	1,009
Fair value gains on:			
Wealth management products	1,602	7,407	16,030
Equity investments at fair value through profit or loss	—	3,147	26,479
Others	15,393	140	111
Subtotal	35,702	38,778	62,245
Total other income and gains	120,963	108,309	193,378

* The government grants were mainly incentives provided by local government authorities in Chinese Mainland, including various forms of government financial incentives and preferential tax treatments. There were no unfulfilled conditions or contingencies relating to these government grants.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of raw materials consumed	656,690	861,037	964,819
Cost of packaging testing	589,127	687,553	837,955
Research and development expenses	737,074	870,747	1,045,195
Equity-settled share-based payment expense*	118,791	84,836	159,113
Depreciation of property, plant and equipment*	101,555	125,154	150,120
Depreciation of right-of-use assets*	22,599	23,788	22,047
Amortization of intangible assets*	13,932	19,172	25,678
Lease payments not included in the measurement of lease liabilities*	2,002	3,510	3,210
Staff costs (excluding directors' remuneration (note 9))*:			
Salaries, wages and bonus	582,372	761,676	831,688
Pension scheme contributions**	47,959	60,602	72,484
Total	630,331	822,278	904,172
Impairment of goodwill	—	(2,183)	—
Impairment of financial assets and contract assets, net:			
Impairment/(reversal of impairment losses) of other receivables, net	766	(122)	(126)
Impairment of trade and bills receivables, net	911	1,208	2,173
Impairment of contract assets, net	—	—	410
Impairment of Inventories	108,634	128,851	169,828
Gains on disposal of items of property, plant, and equipment, intangible assets and right-of-use assets, net	(62)	(3,283)	(1,009)
Gains on disposal of investments at fair value through profit or loss	(18,230)	(18,597)	(18,616)
Foreign exchange (income)/loss, net	(415)	(6,204)	8,869
Fair value losses/(gains), net:			
Wealth management products	(1,602)	(7,407)	(16,030)
Equity investments at fair value through profit or loss	3,134	(3,147)	(26,479)

* The amounts of these accounts are partially included in the cost of packaging testing and research and development expenses.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amortization of interest expense on redemption financial liabilities	—	—	7,418
Interest on borrowings	—	341	3,431
Interest on lease liabilities	2,277	1,901	1,147
Total	2,277	2,242	11,996

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9. DIRECTORS' AND THE CHIEF EXECUTIVE' REMUNERATION

The remuneration of the directors and the chief executive for the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	120	124	120
Other emoluments:			
Salaries, wages and bonus	2,046	2,304	2,417
Pension scheme contributions	126	132	136
Total	<u>2,292</u>	<u>2,560</u>	<u>2,673</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Ms. Chen Jingshan (i)	60	45	—
Ms. Sheng Qinghui (i)	60	45	—
Dr. Du Meijie (ii)	—	17	60
Ms. Tang Chunlin (ii)	—	17	60
Total	<u>120</u>	<u>124</u>	<u>120</u>

There were no other emoluments payable to the independent non-executive directors as at 31 December 2023, 2024 and 2025.

(b) Executive directors and the chief executive and non-executive directors

	Year ended 31 December 2023		
	Salaries, wages and bonus	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000
Executive directors and the chief executive			
Dr. Zhang Shilong	1,137	63	1,200
Ms. Zhang Qin	909	63	972
Non-executive directors			
Mr. Lin Lin	—	—	—
Total	<u>2,046</u>	<u>126</u>	<u>2,172</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9. DIRECTORS' AND THE CHIEF EXECUTIVE' REMUNERATION—continued

	Year ended 31 December 2024		
	Salaries, wages and bonus	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000
Executive directors and the chief executive			
Dr. Zhang Shilong	1,283	66	1,349
Ms. Zhang Qin	1,021	66	1,087
Non-executive directors			
Mr. Lin Lin	—	—	—
Total	<u>2,304</u>	<u>132</u>	<u>2,436</u>
	Year ended 31 December 2025		
	Salaries, wages and bonus	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000
Executive directors and the chief executive			
Dr. Zhang Shilong	1,302	68	1,370
Ms. Zhang Qin	1,053	68	1,121
Non-executive directors			
Ms. Liu Ming ⁽ⁱⁱⁱ⁾	62	—	62
Mr. Lin Lin	—	—	—
Total	<u>2,417</u>	<u>136</u>	<u>2,553</u>

Notes:

- (i) Ms. Chen Jingshan and Ms. Sheng Qinghui resigned as independent non-executive directors as they had served for the Company for six consecutive years, with effect from 19 September 2024.
- (ii) Dr. Du Meijie and Ms. Tang Chunlin were appointed as independent non-executive directors on 19 September 2024.
- (iii) Ms. Liu Ming was appointed as non-executive director on 19 September 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

During the Relevant Periods, details of the remuneration for the five highest paid employees who is neither a director nor chief executive of the Company during that periods, are as follow:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share based compensation	12,043	9,443	11,323
Salaries, wages and bonus	8,613	10,385	11,490
Pension scheme contributions	177	163	173
Total	<u>20,833</u>	<u>19,991</u>	<u>22,986</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**10. FIVE HIGHEST PAID EMPLOYEES—continued**

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
HKD1,500,001 to HKD2,000,000	—	—	—
HKD2,000,001 to HKD2,500,000	—	—	—
HKD2,500,001 to HKD3,000,000	—	—	—
HKD3,000,001 to HKD3,500,000	—	—	—
HKD3,500,001 to HKD4,000,000	1	—	—
HKD4,000,001 to HKD4,500,000	1	3	—
HKD4,500,001 to HKD5,000,000	2	2	1
HKD5,000,001 to HKD5,500,000	1	—	3
HKD5,500,001 to HKD6,000,000	—	—	—
HKD6,000,001 to HKD6,500,000	—	—	—
HKD6,500,001 to HKD7,000,000	—	—	1
Total	<u>5</u>	<u>5</u>	<u>5</u>

11. INCOME TAX

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

(i) PRC corporate income tax

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

Pursuant to the Notice of the Ministry of Industry and Information Technology, the Ministry of Finance, the State Taxation Administration and National Development Reform Commission on Relevant Issues Concerning the Preferential Policies on Enterprise Income Tax to promote high quality development of integrated circuit industry and software industry in December 2020, the Company was entitled to apply a reduced tax rate of 10% after passing the qualification verification of Key Integrated Circuit Design Enterprise by relevant authorities during the Relevant Periods.

Certain subsidiaries of the Company in Chinese Mainland were approved as High-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% for the Relevant Periods.

(ii) Hong Kong profits tax

The first HKD2,000,000 of assessable profits of Hong Kong subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% on the estimated assessable profits. SG MICRO (HK) LIMITED was entitled to enjoy offshore tax exemption from the Hong Kong Inland Revenue Department due to its offshore transaction nature for the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

11. INCOME TAX—continued

(iii) Corporate income tax in other jurisdictions

The income tax rates of the subsidiaries in Japan and Germany are 22.39% and 27.9%, respectively.

The major components of income tax (credit)/expense of the Group are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax	15	291	298
Deferred tax (note 19)	(15,813)	(6,670)	15,217
Total tax charge for the year	<u>(15,798)</u>	<u>(6,379)</u>	<u>15,515</u>

A reconciliation of the tax (credit)/expense applicable to profit before tax at the applicable tax rate for the jurisdiction in which the major operating subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>254,139</u>	<u>484,783</u>	<u>549,890</u>
Tax at the applicable tax rate of 10%	25,414	48,478	54,989
Tax losses and temporary difference not recognized	5,771	8,427	16,485
Effect of different tax rates of subsidiaries operating in different jurisdiction	878	2,084	2,885
The impact of tax rate changes on the beginning deferred income tax balance . . .	—	(224)	(224)
Expenses not deductible for tax	1,047	645	490
Loss/(profit) attributable to associates	734	(1,333)	(410)
Additional deductible expenses for research and development expenditure	(49,642)	(64,456)	(58,700)
Income tax (credit)/expense	<u>(15,798)</u>	<u>(6,379)</u>	<u>15,515</u>

12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividends declared by the Company	<u>107,846</u>	<u>47,073</u>	<u>95,062</u>

The final dividends of RMB3.00, RMB1.00, RMB2.00 per 10 shares (tax inclusive) in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the shareholder in the Annual General Meetings of the Company. In addition, 3 shares per 10 shares, nil shares per 10 shares and 3 shares per 10 shares were transferred to the all shareholders from the Company's capital reserves into share capital in respect of the years ended 31 December 2022, 2023, 2024.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**12. DIVIDENDS—continued**

The final cash dividend distribution of RMB107,846,000 (tax inclusive) and the conversion of capital reserve into share capital in respect of the year ended 31 December 2022 approved by the Annual General Meeting on 12 May 2023 was subsequently paid in June 2023.

The final cash dividend distribution of RMB47,073,000 (tax inclusive) in respect of the year ended 31 December 2023 approved by the Annual General Meeting on 17 May 2024 was subsequently paid in June 2024.

The final cash dividend distribution of RMB95,062,000 (tax inclusive) and the conversion of capital reserve into share capital in respect of the year ended 31 December 2024 approved by the Annual General Meeting on 23 May 2025 was subsequently paid in July 2025.

The cash dividend distribution plan of RMB124,101,000 (tax inclusive) in respect of the year ended 31 December 2025 has been approved by the Annual General Meeting on 20 April 2026, and has not been fully paid.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the years attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The share option and restricted stock granted by the Company have potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<u>Earnings</u>			
Profit attributable to ordinary equity holders of the parent	280,768	500,249	547,060
<u>Shares</u>			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings per share calculation	607,240	612,400	617,366
Effect of dilution - weighted average number of ordinary shares:			
Share options	8,404	2,930	5,733
Total	615,644	615,330	623,099

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2023	72,881	1,418	253,858	26,558	6,145	151,515	64,962	577,337
Additions	—	—	79,265	10,175	3,288	55,297	98,247	246,272
Transfers from construction in progress	87,090	—	—	—	—	—	(87,090)	—
Disposals	—	—	(2,803)	—	—	(1,610)	—	(4,413)
At 31 December 2023	<u>159,971</u>	<u>1,418</u>	<u>330,320</u>	<u>36,733</u>	<u>9,433</u>	<u>205,202</u>	<u>76,119</u>	<u>819,196</u>
Depreciation:								
At 1 January 2023	810	1,130	92,706	13,733	1,980	64,894	—	175,253
Provided during the year	5,090	227	54,871	8,709	1,575	31,083	—	101,555
Disposals	—	—	(2,803)	—	—	—	—	(2,803)
At 31 December 2023	<u>5,900</u>	<u>1,357</u>	<u>144,774</u>	<u>22,442</u>	<u>3,555</u>	<u>95,977</u>	<u>—</u>	<u>274,005</u>
Impairment:								
At 1 January 2023	—	—	—	—	—	—	—	—
At 31 December 2023	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount as at 31 December 2023	<u>154,071</u>	<u>61</u>	<u>185,546</u>	<u>14,291</u>	<u>5,878</u>	<u>109,225</u>	<u>76,119</u>	<u>545,191</u>
Net carrying amount as at 1 January 2023	<u>72,071</u>	<u>288</u>	<u>161,152</u>	<u>12,825</u>	<u>4,165</u>	<u>86,621</u>	<u>64,962</u>	<u>402,084</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. PROPERTY, PLANT AND EQUIPMENT—continued

	Buildings	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2024	159,971	1,418	330,320	36,733	9,433	205,202	76,119	819,196
Additions	—	—	97,591	4,581	1,432	65,633	102,292	271,529
Transfers from construction in progress	178,411	—	—	—	—	—	(178,411)	—
Disposals	—	—	—	—	—	(834)	—	(834)
At 31 December 2024	<u>338,382</u>	<u>1,418</u>	<u>427,911</u>	<u>41,314</u>	<u>10,865</u>	<u>270,001</u>	<u>—</u>	<u>1,089,891</u>
Depreciation:								
At 1 January 2024	5,900	1,357	144,774	22,442	3,555	95,977	—	274,005
Provided during the year	5,332	31	69,361	9,381	1,815	39,234	—	125,154
Disposals	—	—	—	—	—	(362)	—	(362)
At 31 December 2024	<u>11,232</u>	<u>1,388</u>	<u>214,135</u>	<u>31,823</u>	<u>5,370</u>	<u>134,849</u>	<u>—</u>	<u>398,797</u>
Impairment:								
At 1 January 2024	—	—	—	—	—	—	—	—
At 31 December 2024	—	—	—	—	—	—	—	—
Net carrying amount as at 31 December 2024	<u>327,150</u>	<u>30</u>	<u>213,776</u>	<u>9,491</u>	<u>5,495</u>	<u>135,152</u>	<u>—</u>	<u>691,094</u>
Net carrying amount as at 1 January 2024	<u>154,071</u>	<u>61</u>	<u>185,546</u>	<u>14,291</u>	<u>5,878</u>	<u>109,225</u>	<u>76,119</u>	<u>545,191</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. PROPERTY, PLANT AND EQUIPMENT—continued

	Buildings	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:								
At 1 January 2025	338,382	1,418	427,911	41,314	10,865	270,001	—	1,089,891
Additions	583	—	82,894	1,065	1,147	87,259	1,317	174,265
Transfers from construction in progress	1,317	—	—	—	—	—	(1,317)	—
Acquisition of subsidiaries	—	1	2,648	41	117	3,538	—	6,345
Disposals	—	—	(265)	(639)	(150)	(7,945)	—	(8,999)
At 31 December 2025	<u>340,282</u>	<u>1,419</u>	<u>513,188</u>	<u>41,781</u>	<u>11,979</u>	<u>352,853</u>	<u>—</u>	<u>1,261,502</u>
Depreciation:								
At 1 January 2025	11,232	1,388	214,135	31,823	5,370	134,849	—	398,797
Provided during the year	11,141	25	80,637	6,096	2,015	50,206	—	150,120
Acquisition of subsidiaries	—	—	1,751	17	103	—	—	1,871
Disposals	—	—	(154)	(564)	(73)	(320)	—	(1,111)
At 31 December 2025	<u>22,373</u>	<u>1,413</u>	<u>296,369</u>	<u>37,372</u>	<u>7,415</u>	<u>184,735</u>	<u>—</u>	<u>549,677</u>
Impairment:								
At 1 January 2025	—	—	—	—	—	—	—	—
At 31 December 2025	—	—	—	—	—	—	—	—
Net carrying amount as at 31 December 2025	<u>317,909</u>	<u>6</u>	<u>216,819</u>	<u>4,409</u>	<u>4,564</u>	<u>168,118</u>	<u>—</u>	<u>711,825</u>
Net carrying amount as at 1 January 2025	<u>327,150</u>	<u>30</u>	<u>213,776</u>	<u>9,491</u>	<u>5,495</u>	<u>135,152</u>	<u>—</u>	<u>691,094</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. PROPERTY, PLANT AND EQUIPMENT—continued

The Company

	<u>Buildings</u>	<u>Motor</u>	<u>Electronic</u>	<u>Leasehold</u>	<u>Office</u>	<u>Special</u>	<u>Construction</u>	<u>Total</u>
	<u>RMB'000</u>	<u>vehicles</u>	<u>equipment</u>	<u>improvements</u>	<u>furniture</u>	<u>Tooling</u>	<u>in progress</u>	<u>RMB'000</u>
		<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cost:								
At 1 January								
2023	72,881	1,395	188,267	14,065	4,693	134,450	59,779	475,530
Additions	—	—	54,144	6,693	2,788	47,802	27,311	138,738
Transfers from								
construction in								
progress	87,090	—	—	—	—	—	(87,090)	—
Disposals	—	—	(2,262)	—	—	(1,610)	—	(3,872)
At 31 December								
2023	<u>159,971</u>	<u>1,395</u>	<u>240,149</u>	<u>20,758</u>	<u>7,481</u>	<u>180,642</u>	<u>—</u>	<u>610,396</u>
Depreciation:								
At 1 January								
2023	810	1,128	75,262	8,879	1,477	49,325	—	136,881
Provided during								
the year	5,090	221	39,384	3,137	1,215	30,539	—	79,586
Disposals	—	—	(2,262)	—	—	—	—	(2,262)
At 31 December								
2023	<u>5,900</u>	<u>1,349</u>	<u>112,384</u>	<u>12,016</u>	<u>2,692</u>	<u>79,864</u>	<u>—</u>	<u>214,205</u>
Impairment:								
At 1 January								
2023	—	—	—	—	—	—	—	—
At 31 December								
2023	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying								
amount as at								
31 December								
2023	<u>154,071</u>	<u>46</u>	<u>127,765</u>	<u>8,742</u>	<u>4,789</u>	<u>100,778</u>	<u>—</u>	<u>396,191</u>
Net carrying								
amount as at								
1 January								
2023	<u>72,071</u>	<u>267</u>	<u>113,005</u>	<u>5,186</u>	<u>3,216</u>	<u>85,125</u>	<u>59,779</u>	<u>338,649</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. PROPERTY, PLANT AND EQUIPMENT—continued

	Buildings	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2024	159,971	1,395	240,149	20,758	7,481	180,642	610,396
Additions	—	—	81,209	1,873	625	59,770	143,477
Disposals	—	(89)	(30,053)	—	(4,634)	(834)	(35,610)
Transfers to investment properties	(159,971)	—	—	—	—	—	(159,971)
At 31 December 2024	—	1,306	291,305	22,631	3,472	239,578	558,292
Depreciation:							
At 1 January 2024	5,900	1,349	112,384	12,016	2,692	79,864	214,205
Provided during the year ...	—	18	43,403	4,487	564	37,444	85,916
Disposals	—	(61)	(11,414)	—	(1,130)	(362)	(12,967)
Transfers to investment properties	(5,900)	—	—	—	—	—	(5,900)
At 31 December 2024	—	1,306	144,373	16,503	2,126	116,946	281,254
Impairment:							
At 1 January 2024	—	—	—	—	—	—	—
At 31 December 2024	—	—	—	—	—	—	—
Net carrying amount as at 31 December 2024	—	—	146,932	6,128	1,346	122,632	277,038
Net carrying amount as at 1 January 2024	154,071	46	127,765	8,742	4,789	100,778	396,191

	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2025	1,306	291,305	22,631	3,472	239,578	558,292
Additions	—	38,821	812	361	76,054	116,048
Disposals	—	(20,550)	—	(927)	(7,945)	(29,422)
At 31 December 2025	1,306	309,576	23,443	2,906	307,687	644,918
Depreciation:						
At 1 January 2025	1,306	144,373	16,503	2,126	116,946	281,254
Provided during the year	—	49,422	4,203	430	45,186	99,241
Disposals	—	(13,280)	—	(656)	(320)	(14,256)
At 31 December 2025	1,306	180,515	20,706	1,900	161,812	366,239
Impairment:						
At 1 January 2025	—	—	—	—	—	—
At 31 December 2025	—	—	—	—	—	—
Net carrying amount as at 31 December 2025	—	129,061	2,737	1,006	145,875	278,679
Net carrying amount as at 1 January 2025	—	146,932	6,128	1,346	122,632	277,038

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

15. INVESTMENT PROPERTIES

The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
At 1 January		
Cost	—	159,971
Accumulated depreciation	—	(11,232)
Net carrying amount	—	148,739
Cost at 1 January, net of accumulated depreciation and impairment	—	148,739
Transfers from property, plant and equipment	154,071	—
Depreciation provided during the year	(5,332)	(5,332)
Net carrying amount as at 31 December	148,739	143,407

The properties are leased to a subsidiary and recorded as investment properties on the statement of financial position of the Company. At the Group level, they are classified as property, plant and equipment as it is self-used within the Group.

16. LEASES

The Group as a lessee

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements are as follows:

	Land use rights	Parking space use rights	Buildings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	12,773	7,030	55,120	74,923
Additions	—	—	10,242	10,242
Lease cancellation	—	—	(819)	(819)
Depreciation charge	(259)	(225)	(22,115)	(22,599)
As at 31 December 2023	12,514	6,805	42,428	61,747
As at 31 December 2023 and 1 January 2024	12,514	6,805	42,428	61,747
Additions	—	—	35,653	35,653
Lease cancellation	—	—	(21,552)	(21,552)
Depreciation charge	(259)	(225)	(23,304)	(23,788)
As at 31 December 2024	12,255	6,580	33,225	52,060
As at 31 December 2024 and 1 January 2025	12,255	6,580	33,225	52,060
Additions	—	—	16,154	16,154
Lease cancellation	—	—	(7,159)	(7,159)
Revision of lease payments	—	—	(1,140)	(1,140)
Acquisition of subsidiaries	—	—	969	969
Depreciation charge	(259)	(227)	(21,561)	(22,047)
As at 31 December 2025	11,996	6,353	20,488	38,837

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

16. LEASES—continued

(b) Lease liabilities

The carrying amounts of the Group's leases liabilities and the movements are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	57,560	44,876	33,935
New leases	9,692	34,528	16,154
Acquisition of subsidiary	—	—	1,100
Accretion of interest recognized during the year	2,277	1,901	1,147
Exchange realignment	(1)	161	34
Revision of lease payments	—	—	(1,140)
Lease cancellation	(872)	(24,994)	(8,168)
Payments	(23,780)	(22,537)	(22,543)
Carrying amount at 31 December	44,876	33,935	20,519
Analyzed into:			
Current portion	17,884	19,565	12,752
Non-current portion	26,992	14,370	7,767

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	22,599	23,788	22,047
Interest on lease liabilities	2,277	1,901	1,147
Expense relating to short-term leases	2,002	3,510	3,210
Total amount recognized in profit or loss	26,878	29,199	26,404

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

16. LEASES—continued

The Company as a lessee

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements are as follows:

	Parking space use rights	Building	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	7,030	45,101	52,131
Additions	—	3,095	3,095
Depreciation charge	(225)	(15,327)	(15,552)
As at 31 December 2023	6,805	32,869	39,674
As at 31 December 2023 and 1 January 2024	6,805	32,869	39,674
Additions	—	19,022	19,022
Depreciation charge	(225)	(15,175)	(15,400)
Lease cancellation	—	(17,184)	(17,184)
As at 31 December 2024	6,580	19,532	26,112
As at 31 December 2024 and 1 January 2025	6,580	19,532	26,112
Additions	—	3,412	3,412
Depreciation charge	(227)	(10,591)	(10,818)
Lease cancellation	—	(5,607)	(5,607)
Revision of lease payments	—	(1,140)	(1,140)
As at 31 December 2025	6,353	5,606	11,959

(b) Lease liabilities

The carrying amounts of the Company's leases liabilities and the movements are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	46,928	34,763	20,247
New leases	3,097	18,090	3,412
Accretion of interest recognized during the year	1,872	1,283	419
Payments	(17,134)	(14,020)	(10,833)
Revision of lease payments	—	—	(1,140)
Lease cancellation	—	(19,869)	(6,509)
Carrying amount at 31 December	34,763	20,247	5,596
Analysed into:			
Current portion	13,037	11,860	3,926
Non-current portion	21,726	8,387	1,670

The Company as a lessor

The Company leases its investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions. Rental income recognized by the Company for the years ended 31 December 2023, 2024 and 2025 was nil, RMB5,313,000 and RMB5,313,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

16. LEASES—continued

As at 31 December 2023, 2024 and 2025, the undiscounted lease payments receivable by the Company in future periods under operating leases with its tenants are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	—	5,313	5,313
After one year but within two years	—	—	5,313
Total	—	5,313	10,626

17. OTHER INTANGIBLE ASSETS

The Group

	Non-patented technology	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2023	17,132	39,342	56,474
Additions	69	18,357	18,426
At 31 December 2023	17,201	57,699	74,900
Amortisation:			
At 1 January 2023	4,735	22,490	27,225
Provided during the year	1,793	12,139	13,932
At 31 December 2023	6,528	34,629	41,157
Impairment:			
At 1 January 2023	—	—	—
At 31 December 2023	—	—	—
Net carrying amount as at 31 December 2023	10,673	23,070	33,743
Net carrying amount as at 1 January 2023	12,397	16,852	29,249

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. OTHER INTANGIBLE ASSETS—continued

	Non-patented technology	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2024	17,201	57,699	74,900
Additions	62	38,204	38,266
At 31 December 2024	17,263	95,903	113,166
Amortisation:			
At 1 January 2024	6,528	34,629	41,157
Provided during the year	1,806	17,366	19,172
At 31 December 2024	8,334	51,995	60,329
Impairment:			
At 1 January 2024	—	—	—
At 31 December 2024	—	—	—
Net carrying amount as at 31 December 2024	8,929	43,908	52,837
Net carrying amount as at 1 January 2024	10,673	23,070	33,743

	Software copyright	Certificate of layout rights for integrated circuits	Patented technology	Non-patented technology	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At 1 January 2025	—	—	—	17,263	95,903	113,166
Additions	—	—	—	—	22,465	22,465
Acquisition of subsidiaries	898	1,483	34,024	—	—	36,405
Disposal	—	—	—	(93)	(4)	(97)
At 31 December 2025	898	1,483	34,024	17,170	118,364	171,939
Amortisation:						
At 1 January 2025	—	—	—	8,334	51,995	60,329
Provided during the year	70	155	2,613	1,684	21,156	25,678
Disposal	—	—	—	(45)	(1)	(46)
At 31 December 2025	70	155	2,613	9,973	73,150	85,961
Impairment:						
At 1 January 2025	—	—	—	—	—	—
At 31 December 2025	—	—	—	—	—	—
Net carrying amount as at 31 December 2025	828	1,328	31,411	7,197	45,214	85,978
Net carrying amount as at 1 January 2025	—	—	—	8,929	43,908	52,837

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. OTHER INTANGIBLE ASSETS—continued

The Company

	Non-patented technology RMB'000	Software RMB'000	Total RMB'000
Cost:			
At 1 January 2023	9,377	37,186	46,563
Additions	—	16,315	16,315
At 31 December 2023	<u>9,377</u>	<u>53,501</u>	<u>62,878</u>
Amortisation:			
At 1 January 2023	3,288	22,419	25,707
Provided during the year	938	11,483	12,421
At 31 December 2023	<u>4,226</u>	<u>33,902</u>	<u>38,128</u>
Impairment:			
At 1 January 2023	—	—	—
At 31 December 2023	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount as at 31 December 2023	<u>5,151</u>	<u>19,599</u>	<u>24,750</u>
Net carrying amount as at 1 January 2023	<u>6,089</u>	<u>14,767</u>	<u>20,856</u>
	Non-patented technology RMB'000	Software RMB'000	Total RMB'000
Cost:			
At 1 January 2024	9,377	53,501	62,878
Additions	—	37,111	37,111
At 31 December 2024	<u>9,377</u>	<u>90,612</u>	<u>99,989</u>
Amortisation:			
At 1 January 2024	4,226	33,902	38,128
Provided during the year	938	15,572	16,510
At 31 December 2024	<u>5,164</u>	<u>49,474</u>	<u>54,638</u>
Impairment:			
At 1 January 2024	—	—	—
At 31 December 2024	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount as at 31 December 2024	<u>4,213</u>	<u>41,138</u>	<u>45,351</u>
Net carrying amount as at 1 January 2024	<u>5,151</u>	<u>19,599</u>	<u>24,750</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. OTHER INTANGIBLE ASSETS—continued

	Non-patented technology	Software	Total
	RMB'000	RMB'000	RMB'000
Cost:			
At 1 January 2025	9,377	90,612	99,989
Additions	—	19,731	19,731
At 31 December 2025	9,377	110,343	119,720
Amortisation:			
At 1 January 2025	5,164	49,474	54,638
Provided during the year	938	19,971	20,909
At 31 December 2025	6,102	69,445	75,547
Impairment:			
At 1 January 2025	—	—	—
At 31 December 2025	—	—	—
Net carrying amount as at 31 December 2025	3,275	40,898	44,173
Net carrying amount as at 1 January 2025	4,213	41,138	45,351

18. GOODWILL

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year			
Cost	80,875	80,875	80,875
Accumulated impairment	—	—	(2,183)
Net carrying amount	80,875	80,875	78,692
Cost at beginning of year, net of accumulated impairment	80,875	80,875	78,692
Acquisition of subsidiaries	—	—	222,585
Impairment during the year	—	(2,183)	—
Cost and carrying amount at end of year	80,875	78,692	301,277
At end of year			
Cost	80,875	80,875	303,460
Accumulated impairment	—	(2,183)	(2,183)
Net carrying amount	80,875	78,692	301,277

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the group of Cash-Generating Units (“CGU” or “CGUs”) for impairment testing as below:

- Suzhou Qingxinfang
- Shanghai Fangtai
- Dalian Alpha
- Hangzhou Shenan

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. GOODWILL—continued

- Shanghai Pingsheng
- Changzhou Ganrui
- TeraDevices Inc

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Suzhou Qingxinfang	49,851	49,851	49,851
Shanghai Fangtai	16,555	16,555	16,555
Dalian Alpha	7,929	7,929	7,929
Hangzhou Shenan	4,357	4,357	4,357
Shanghai Pingsheng	2,183	—	—
Changzhou Ganrui	—	—	151,360
TeraDevice Inc	—	—	71,225
Total	<u>80,875</u>	<u>78,692</u>	<u>301,277</u>

Impairment reviews on the goodwill of the Group have been conducted by the management as at 31 December 2023, 2024 and 2025, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use (“VIU”) calculations by using the discounted cash flow method covering a 5-year period.

Management has assessed that the Suzhou Qingxinfang, Changzhou Ganrui, TeraDevices Inc. were material CGUs. Assumptions were used in the value in use calculation. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue growth rate-The basis used to determine the budgeted revenue is based on management’s expectation and also expectation of the future market.

Gross profit margin-Estimated based on the Group’s historical experience and forecast of the semiconductor markets.

Pre-tax discount rate -Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk-free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

(a) Suzhou Qingxinfang

The pre-tax discount rates used for VIU calculation for the impairment test as at 31 December 2023, 2024 and 2025 are 16.83%, 16.23%, and 14.31%, respectively.

The gross profit margin used for VIU calculation for the impairment test as at 31 December 2023, 2024 and 2025 are 47.07%, 35.68%, and 41.07%, respectively.

The revenue growth rate used for VIU calculation for the impairment test as at 31 December 2023, 2024 and 2025 are 268.38%, 331.83%, and 224.46%, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. GOODWILL—continued

For the sensitivity analysis conducted during the impairment review for material CGUs, Suzhou Qingxinfang, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 5%, if one of the key assumptions was to change while other variable held constant, the recoverable amount would decrease by:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Pre-tax discount rate increases by 1%	8,186	9,330	12,600
Gross profit margin decreases by 2%	8,297	12,365	15,100
Revenue growth rate decrease by 5%	9,142	8,248	21,800

Based on management's assessment on the recoverable amounts, the headroom of material CGUs as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Suzhou Qingxinfang	51,171	61,377	41,089

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as at 31 December 2023, 2024 and 2025, respectively.

(b) Changzhou Ganrui

The pre-tax discount rates used for VIU calculation for the impairment test as at 31 December 2025 is 12.51%, respectively.

The gross profit margin used for VIU calculation for the impairment test as at 31 December 2025 is 48.65%.

The revenue growth rate used for VIU calculation for the impairment test as at 31 December 2025 is 50.80%.

For the sensitivity analysis conducted during the impairment review for material CGUs, Changzhou Ganrui, had there been reasonably possible changes with an increase in pre-tax discount rate by 1%, a decrease in gross profit margin by 2% or a decrease in revenue growth rate by 2%, if one of the key assumptions was to change while other variable held constant, the recoverable amount would decrease by:

	31 December 2025
	RMB'000
Pre-tax discount rate increases by 1%	37,000
Gross profit margin decreases by 2%	36,900
Revenue growth rate decreases by 2%	29,000

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. GOODWILL—continued

Based on management's assessment on the recoverable amounts, the headroom of material CGUs as follows:

	<u>31 December 2025</u>
	<u>RMB'000</u>
Changzhou Ganrui	64,825

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as at 31 December 2025 respectively.

(c) TeraDevices Inc

The pre-tax discount rates used for VIU calculation for the impairment test as at 31 December 2025 is 16.91%, respectively.

The gross profit margin used for VIU calculation for the impairment test as at 31 December 2025 is 55.48%.

The revenue growth rate used for VIU calculation for the impairment test as at 31 December 2025 is 11.96%.

For the sensitivity analysis conducted during the impairment review for material CGUs, TeraDevices Inc, had there been reasonably possible changes with an increase in pre-tax discount rate by 0.5%, a decrease in gross profit margin by 0.5% or a decrease in revenue growth rate by 1%, if one of the key assumptions was to change while other variable held constant, the recoverable amount would decrease by:

	<u>31 December 2025</u>
	<u>RMB'000</u>
Pre-tax discount rate increases by 0.5%	3,620
Gross profit margin decreases by 0.5%	2,420
Revenue growth rate decreases by 1%	4,030

Based on management's assessment on the recoverable amounts, the headroom of material CGUs as follows:

	<u>31 December 2025</u>
	<u>RMB'000</u>
TeraDevices Inc.	4,377

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as at 31 December 2025 respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. GOODWILL—continued

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Goodwill	24,484	24,484	24,484
Less: Impairment	—	—	—
Total	<u>24,484</u>	<u>24,484</u>	<u>24,484</u>

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Shanghai Fangtai	16,555	16,555	16,555
Dalian Alpha	7,929	7,929	7,929
Total	<u>24,484</u>	<u>24,484</u>	<u>24,484</u>

19. DEFERRED TAX

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

The Group

The gross amounts of deferred tax assets and liabilities of the Group before offsetting are as follows:

(a) Gross deferred tax assets:

2023

	At 1 January 2023	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax charged to the statement of equity during the year	As at 31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	49,597	20,662	—	70,259
Share-based payment	48,228	(13,471)	(14,404)	20,353
Accruals and provision	21,625	1,326	—	22,951
Impairment of assets	19,873	710	—	20,583
Payroll payables	8,447	7,155	—	15,602
Deferred income	6,834	21	—	6,855
Lease liabilities	4,819	(1,184)	—	3,635
Depreciation and amortization	1,169	384	—	1,553
Changes in fair value	76	(76)	—	—
Total	<u>160,668</u>	<u>15,527</u>	<u>(14,404)</u>	<u>161,791</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

2024

	At 1 January 2024	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax credited to the statement of equity during the year	As at 31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	70,259	16,303	—	86,562
Accruals and provision	22,951	3,336	—	26,287
Impairment of assets	20,583	3,277	—	23,860
Share-based payment	20,353	(4,976)	949	16,326
Payroll payables	15,602	(3,400)	—	12,202
Deferred income	6,855	(927)	—	5,928
Lease liabilities	3,635	(1,571)	—	2,064
Depreciation and amortization	1,553	1,036	—	2,589
Others	—	78	—	78
Total	161,791	13,156	949	175,896

2025

	At 1 January 2025	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax charged to the statement of equity during the year	As at 31 December 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	86,562	(18,615)	—	67,947
Accruals and provision	26,287	926	—	27,213
Impairment of assets	23,860	4,735	—	28,595
Share-based payment	16,326	13,694	(5,840)	24,180
Payroll payables	12,202	(2,457)	—	9,745
Deferred income	5,928	(1,144)	—	4,784
Depreciation and amortisation	2,589	(913)	—	1,676
Lease liabilities	2,064	(1,441)	—	623
Others	78	(78)	—	—
Total	175,896	(5,293)	(5,840)	164,763

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

(b) Gross deferred tax liabilities

2023

	At 1 January 2023	Deferred tax credited/(charged) to the statement of profit or loss during the year	As at 31 December 2023
	RMB'000	RMB'000	RMB'000
Withholding taxes	34,222	401	34,623
Depreciation and amortization	11,050	569	11,619
Right-of-use assets	4,510	(1,223)	3,287
Fair value adjustments arising from acquisition of subsidiaries	744	(92)	652
Changes in fair value	—	59	59
Total	<u>50,526</u>	<u>(286)</u>	<u>50,240</u>

2024

	At 1 January 2024	Deferred tax credited/(charged) to the statement of profit or loss during the year	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Withholding taxes	34,623	4,965	39,588
Depreciation and amortization	11,619	2,389	14,008
Right-of-use assets	3,287	(1,334)	1,953
Fair value adjustments arising from acquisition of subsidiaries	652	(316)	336
Changes in fair value	59	782	841
Total	<u>50,240</u>	<u>6,486</u>	<u>56,726</u>

2025

	At 1 January 2025	Deferred tax credited/(charged) to the statement of profit or loss during the year	The impact of acquiring a subsidiary	As at 31 December 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Withholding taxes	39,588	13,593	—	53,181
Depreciation and amortisation	14,008	(1,794)	—	12,214
Right-of-use assets	1,953	(1,392)	—	561
Fair value adjustments arising from acquisition of subsidiaries	336	(366)	1,648	1,618
Changes in fair value	841	(352)	—	489
Others	—	235	—	235
Total	<u>56,726</u>	<u>9,924</u>	<u>1,648</u>	<u>68,298</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

(c) Offsetting

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December					
	2023		2024		2025	
	Offsetting RMB'000	Net carrying amount RMB'000	Offsetting RMB'000	Net carrying amount RMB'000	Offsetting RMB'000	Net carrying amount RMB'000
Deferred tax assets	—	161,791	—	175,896	13,499	151,264
Deferred tax liabilities	—	50,240	—	56,726	13,499	54,799

(d) Deferred tax assets not recognized

	As at 31 December		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Deductible temporary difference	43,460	56,019	142,168
Tax losses	577,914	736,276	1,165,029
Total	<u>621,374</u>	<u>792,295</u>	<u>1,307,197</u>

The above tax losses are available in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

At 31 December 2023, 2024 and 2025, other than the amount recognized in the consolidated financial statements, deferred tax has not been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognized approximately RMB621,374,000, RMB792,295,000 and RMB1,307,197,000, respectively at 31 December 2023, 2024 and 2025.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

The Company

The gross amounts of deferred tax assets and liabilities of the Company before offsetting are as follows:

(a) Gross deferred tax assets

2023

	At 1 January 2023	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax charged to the statement of equity during the year	As at 31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	49,597	20,662	—	70,259
Share-based payment	48,228	(13,471)	(14,404)	20,353
Accruals and provision	21,625	1,326	—	22,951
Impairment of assets	19,873	3,632	—	23,505
Payroll payables	8,447	7,155	—	15,602
Deferred income	6,834	21	—	6,855
Lease liabilities	4,819	(1,184)	—	3,635
Depreciation and amortization	1,169	384	—	1,553
Changes in fair value	76	(76)	—	—
Total	160,668	18,449	(14,404)	164,713

2024

	At 1 January 2024	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax credited to the statement of equity during the year	As at 31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	70,259	16,303	—	86,562
Impairment of assets	23,505	4,526	—	28,031
Accruals and provision	22,951	3,336	—	26,287
Share-based payment	20,353	(4,976)	949	16,326
Payroll payables	15,602	(3,400)	—	12,202
Deferred income	6,855	(927)	—	5,928
Lease liabilities	3,635	(1,571)	—	2,064
Depreciation and amortization	1,553	1,036	—	2,589
Others	—	78	—	78
Total	164,713	14,405	949	180,067

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

The Company—continued

The gross amounts of deferred tax assets and liabilities of the Company before offsetting are as follows—continued:

(a) Gross deferred tax assets—continued

2025

	At 1 January 2025	Deferred tax credited/(charged) to the statement of profit or loss during the year	Deferred tax charged to the statement of equity during the year	As at 31 December 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Losses available for offsetting against future taxable profits	86,562	(18,615)	—	67,947
Impairment of assets	28,031	20,555	—	48,586
Accruals and provision	26,287	926	—	27,213
Share-based payment	16,326	13,694	(5,840)	24,180
Payroll payables	12,202	(2,457)	—	9,745
Deferred income	5,928	(1,144)	—	4,784
Lease liabilities	2,064	(1,441)	—	623
Depreciation and amortisation	2,589	(913)	—	1,676
Others	78	(78)	—	—
Total	<u>180,067</u>	<u>10,527</u>	<u>(5,840)</u>	<u>184,754</u>

(b) Gross deferred tax liabilities

2023

	At 1 January 2023	Deferred tax credited/(charged) to the statement of profit or loss during the year	As at 31 December 2023
	RMB'000	RMB'000	RMB'000
Depreciation and amortization	11,050	569	11,619
Right-of-use assets	4,510	(1,223)	3,287
Changes in fair value	—	59	59
Total	<u>15,560</u>	<u>(595)</u>	<u>14,965</u>

2024

	At 1 January 2024	Deferred tax credited/(charged) to the statement of profit or loss during the year	As at 31 December 2024
	RMB'000	RMB'000	RMB'000
Depreciation and amortization	11,619	2,389	14,008
Right-of-use assets	3,287	(1,334)	1,953
Changes in fair value	59	782	841
Total	<u>14,965</u>	<u>1,837</u>	<u>16,802</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. DEFERRED TAX—continued

The Company—continued

The gross amounts of deferred tax assets and liabilities of the Company before offsetting are as follows—continued:

(b) Gross deferred tax liabilities—continued

2025

	At 1 January 2025	Deferred tax credited/(charged) to the statement of profit or loss during the year	As at 31 December 2025
	RMB'000	RMB'000	RMB'000
Depreciation and amortization	14,008	(1,794)	12,214
Right-of-use assets	1,953	(1,392)	561
Changes in fair value	841	(352)	489
Others	—	235	235
Total	<u>16,802</u>	<u>(3,303)</u>	<u>13,499</u>

(c) Offsetting

The net amounts of deferred tax assets and liabilities of the Company after offsetting are as follows:

As at 31 December					
2023		2024		2025	
Offsetting	Net carrying amount	Offsetting	Net carrying amount	Offsetting	Net carrying amount
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	— 164,713	— 180,067	13,499	171,255	
Deferred tax liabilities	— 14,965	— 16,802	13,499	—	

20. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	283,834	338,817	408,358
Goodwill on acquisition	139,526	169,512	147,006
Total	423,360	508,329	555,364

The Group considered ETA Semiconductor Limited as a material associate as of 31 December 2023 and 2024, and there was no material associate according to the Group's criteria as of 31 December 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. INVESTMENTS IN ASSOCIATES—continued

Particulars of the material associate as of 31 December 2023 and 2024 is as follows:

Name	Particulars of issued shares held	Place of registration and business	Principal activities
ETA Semiconductor Limited	Ordinary shares	PRC/ Chinese Mainland	Design and sales of semiconductor chips

The above investment is directly held by the Company, which is an unlisted corporate entity whose quoted market price is not available. The following table illustrates the summarized financial information in respect of ETA Semiconductor Limited adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Current assets	735,504	751,897
Non-current assets, excluding goodwill	189,096	232,635
Current liabilities	66,796	81,309
Non-current liabilities	7,016	3,834
Net assets	850,788	899,389
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	25.02%	25.02%
Group's share of net assets of the associate, excluding goodwill	212,842	225,000
Goodwill on acquisition (less cumulative impairment)	89,145	89,145
Carrying amount of the investment	301,987	314,145
Revenue	602,794	653,411
Profit/(loss) for the year	(44,561)	20,043
Other comprehensive income	132	91
Total comprehensive income for the year	(44,429)	20,134

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the associates' profit for the year	3,512	7,475	7,549
Other comprehensive income	—	—	39,604
Total comprehensive income for the year	3,512	7,475	47,153
Aggregate carrying amount of the Group's investments in the associates	121,373	194,184	555,364

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Listed equity investments, at fair value	31,916	35,257	11,424
Other unlisted investments, at fair value	77,247	86,592	104,567
Subtotal	109,163	121,849	115,991
Current:			
Wealth management products	769,093	1,378,000	1,340,087
Total	878,256	1,499,849	1,456,078

The above equity investments in unlisted entities were classified as financial assets at fair value through profit or loss as the Group has not designated it as financial assets at fair value through other comprehensive income.

The above wealth management products were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Other unlisted investments, at fair value	77,247	86,592	104,567
Current:			
Wealth management products	704,344	1,338,813	1,242,018
Total	781,591	1,425,405	1,346,585

22. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments for packaging and testing	11,850	11,850	1,800
Prepayments for software	10,951	3,972	4,160
Prepayments for property, plant and equipment	9,535	4,499	16,830
Others	—	—	581
Subtotal	32,336	20,321	23,371
Less: Impairment	—	—	—
Total	32,336	20,321	23,371

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

22. OTHER NON-CURRENT ASSETS—continued

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments for packaging and testing	11,850	11,850	1,800
Prepayments for software	10,951	3,972	4,160
Prepayments for property, plant and equipment	7,565	102	12,120
Others	—	—	206
Subtotal	<u>30,366</u>	<u>15,924</u>	<u>18,286</u>
Less: Impairment	—	—	—
Total	<u>30,366</u>	<u>15,924</u>	<u>18,286</u>

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	597,642	745,999	836,639
Finished goods	372,175	521,099	686,946
Work in progress	150,555	164,305	234,568
Contract costs	—	—	493
Less: Provision for impairment	(219,005)	(266,586)	(310,430)
Total	<u>901,367</u>	<u>1,164,817</u>	<u>1,448,216</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	549,289	640,998	696,779
Finished goods	312,058	427,520	612,560
Work in progress	115,593	134,938	195,251
Contract costs	—	—	493
Less: Provision for impairment	(202,842)	(233,522)	(278,124)
Total	<u>774,098</u>	<u>969,934</u>	<u>1,226,959</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

24. TRADE AND BILLS RECEIVABLES AT AMORTISED COST

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	169,576	237,093	372,289
Bills receivables	—	—	1,118
Less: Impairment	(3,104)	(4,329)	(10,577)
Total	<u>166,472</u>	<u>232,764</u>	<u>362,830</u>

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025, 67.31%, 44.27% and 30.68% of the total trade receivables, respectively, was due from the Group's five largest customers.

Trade and bills receivables are non-interest-bearing.

An aging analysis of the trade receivables as at the end of each of the Relevant Period, based on the past due date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Not due and within one year	166,472	232,764	359,716
Over one year	—	—	1,996
total	<u>166,472</u>	<u>232,764</u>	<u>361,712</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	2,182	3,104	4,329
Impairment losses, net	911	1,208	2,173
Exchange realignment	11	17	(37)
Acquisition of a subsidiary	—	—	4,112
At the end of the year	<u>3,104</u>	<u>4,329</u>	<u>10,577</u>

The Group applies the simplified approach to providing for expected credit losses at the end of the reporting period. In addition, the provision rates are based on aging for groupings of various customer segments with similar loss patterns on a collective basis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

24. TRADE AND BILLS RECEIVABLES AT AMORTISED COST—continued

economic conditions. Generally, trade and bills receivables are written off if a customer discontinues operation with no reasonable expectation of recovering the contractual cash flows and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December					
	2023		2024		2025	
	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assessment of expected credit losses by credit risk portfolio	169,576	3,104	237,093	4,329	368,888	7,176
Total	<u>169,576</u>	<u>3,104</u>	<u>237,093</u>	<u>4,329</u>	<u>368,888</u>	<u>7,176</u>
31 December 2023			Gross carrying amount	Expected credit losses		Expected loss rate
			RMB'000	RMB'000		
Not due and within one year			<u>169,576</u>	<u>3,104</u>		1.83%
31 December 2024			Gross carrying amount	Expected credit losses		Expected loss rate
			RMB'000	RMB'000		
Not due and within one year			<u>237,093</u>	<u>4,329</u>		1.83%
31 December 2025			Gross carrying amount	Expected credit losses		Expected loss rate
			RMB'000	RMB'000		
Individual evaluation of expected credit losses:			3,401	3,401		100.00%
Assessment of expected credit losses by credit risk portfolio:						
Not due and within one year			366,274	6,558		1.79%
From one year to two years			1,043	97		9.30%
From two years to three years			417	62		14.87%
From three years to four years			701	221		31.53%
From four years to five years			453	238		52.54%
Total			<u>372,289</u>	<u>10,577</u>		2.84%

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	80,962	163,507	278,717
Less: Impairment	(1,627)	(3,084)	(5,031)
Total	<u>79,335</u>	<u>160,423</u>	<u>273,686</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

24. TRADE AND BILLS RECEIVABLES AT AMORTISED COST—continued

An ageing analysis of the trade receivables of the Company as at the end of each of the Relevant Periods, based on the past due date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Not due and within one year	79,335	160,423	273,686
Total	<u>79,335</u>	<u>160,423</u>	<u>273,686</u>

The movements in the loss allowance for impairment of the Company's trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,909	1,627	3,084
Impairment (reversal)/losses, net	(282)	1,457	1,947
At the end of the year	<u>1,627</u>	<u>3,084</u>	<u>5,031</u>

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

31 December 2023	Gross carrying amount RMB'000	Expected credit losses RMB'000	Expected loss rate
Not due and within one year	<u>80,962</u>	<u>1,627</u>	<u>2.01%</u>
31 December 2024	Gross carrying amount RMB'000	Expected credit losses RMB'000	Expected loss rate
Not due and within one year	<u>163,507</u>	<u>3,084</u>	<u>1.89%</u>
31 December 2025	Gross carrying amount RMB'000	Expected credit losses RMB'000	Expected loss rate
Not due and within one year	<u>278,717</u>	<u>5,031</u>	<u>1.81%</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible input value-added tax ("VAT")	39,839	24,804	36,131
Rights of return assets	22,883	34,536	17,018
Deposits	10,961	10,713	8,871
Prepaid income tax	8,406	18,013	29,885
Prepayment for raw materials and products	1,510	1,653	5,280
Dividend receivable	—	2,158	—
Listing fees	—	—	20,371
Prepayments for packaging and testing	—	—	10,050
Others	4,579	10,032	11,769
Less: Impairment allowance	(1,942)	(1,825)	(1,741)
Total	86,236	100,084	137,634

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible input value-added tax ("VAT")	26,652	8,429	15,966
Rights of return assets	21,188	15,105	5,266
Prepaid income tax	8,406	18,013	29,885
Deposits	3,565	4,555	3,440
Dividend receivable	—	2,158	—
Prepayment for raw materials and products	—	—	992
Listing fees	—	—	20,371
Prepayments for packaging and testing	—	—	10,050
Others	4,321	9,334	7,866
Less: Impairment allowance	(893)	(648)	(784)
Total	63,239	56,946	93,052

26. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Time deposits:			
Current	—	—	81,810
Non-current	10,182	379,427	371,754
Current:			
Cash and bank balances	1,325,296	814,949	1,225,568
Less: Restricted cash	(22,289)	(1,755)	(44,540)
Cash and cash equivalents	1,303,007	813,194	1,181,028

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

26. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH—continued

As at 31 December 2023 and 2024, the restricted cash mainly consisted of restricted time deposits relating to the bank guarantee. As at 31 December 2025, the restricted cash mainly consisted of property preservation freeze.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Time deposits:			
Current	—	—	65,309
Non-current	—	368,915	371,754
Current:			
Cash and bank balances	973,735	388,081	803,007
Less: Restricted cash	(21,099)	(565)	(44,250)
Cash and cash equivalents	952,636	387,516	758,757

27. TRADE PAYABLES**The Group**

An aging analysis of the trade payables of the Group as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	213,586	277,101	308,775
1 to 2 months	46,517	38,783	71,211
2 to 3 months	4,038	112	20,869
Over 3 months	—	4	55
Total	264,141	316,000	400,910

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

27. TRADE PAYABLES—continued

The Company

An aging analysis of the trade payables of the Company as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	154,385	234,191	252,959
1 to 2 months	36,744	33,187	60,339
2 to 3 months	2,521	112	17,566
Over 3 months	—	—	7
Total	<u>193,650</u>	<u>267,490</u>	<u>330,871</u>

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	247,163	358,261	348,522
Liabilities for expected sales return and warranty	45,581	72,071	65,867
Payables for technological development	24,572	18,427	7,516
Other tax payable	20,967	16,246	13,856
Payables for additions of property, plant and equipment	1,344	58,676	14,543
Others	27,734	26,809	29,028
Total	<u>367,361</u>	<u>550,490</u>	<u>479,332</u>
Analyzed into:			
Non-current portion	45,581	72,071	8,703
Current portion	321,780	478,419	470,629

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payables	172,679	217,757	155,849
Liabilities for expected sales return and warranty	42,224	31,521	15,645
Payables for additions of property, plant and equipment	1,072	18,011	7,378
Other tax payable	15,304	5,529	3,890
Others	25,154	22,224	19,870
Total	<u>256,433</u>	<u>295,042</u>	<u>202,632</u>
Analysed into:			
Non-current portion	42,224	31,521	—
Current portion	214,209	263,521	202,632

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

29. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
Bank loans - Secured	—	36,579	—
Bank loans - Unsecured	—	—	300,928
Current portion of long-term bank loans - Secured	—	—	28,801
Total	—	36,579	329,729
Non-current:			
Bank loans - Secured	—	34,121	95,973
Less: Due within one year	—	—	(28,801)
Total	—	34,121	67,172

- (a) As at 31 December 2024, the annual interest rate of short-term borrowings was 2.70%.
- (b) As at 31 December 2024, the annual interest rates of long-term borrowings ranged from 2.75% to 2.76%.
- (c) As at 31 December 2024, secured bank borrowings were guaranteed by the Company.
- (d) As at 31 December 2025, the annual interest rate of short-term borrowings was 2.11%.
- (e) As at 31 December 2025, the annual interest rates of long-term borrowings ranged from 2.65% to 2.76%.
- (f) As at 31 December 2025, secured bank borrowings were guaranteed by the Company.

At 31 December 2023, 2024 and 2025, the Group's bank loans were repayable as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	—	36,579	329,729
1 to 2 years	—	10,264	67,172
2 to 3 years	—	23,857	—
Total	—	70,700	396,901

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current:			
Bank loans - Unsecured	—	—	300,928

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

30. CONTRACT LIABILITIES

An analysis of the contract liabilities arising from short-term advances received from customers are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipt in advance			
-Sales of products	13,007	13,556	13,167
-Rendering of services	1,887	4,751	5,222
Total	<u>14,894</u>	<u>18,307</u>	<u>18,389</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Receipt in advance			
-Sales of products	3,602	3,757	3,330
-Rendering of services	1,887	4,151	4,569
Total	<u>5,489</u>	<u>7,908</u>	<u>7,899</u>

31. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	68,345	71,516	75,701
Additions during the year	10,474	15,190	31,941
Released to profit or loss	(7,303)	(11,005)	(39,447)
At end of year	<u>71,516</u>	<u>75,701</u>	<u>68,195</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	68,345	68,545	59,281
Additions during the year	4,984	—	26,411
Released to profit or loss	(4,784)	(9,264)	(37,850)
At end of year	<u>68,545</u>	<u>59,281</u>	<u>47,842</u>

Deferred income is mainly government grants deferred. Government grants will be recognized into profit or loss when conditions attached are fulfilled or on a straight-line basis over the expected lives of the property, plant and equipment.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

32. OTHER NON-CURRENT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Redemption financial liabilities*	50,000	50,000	43,916
Financial liabilities related to obligations to acquire non-controlling interests arising from acquisitions of subsidiaries**	—	—	144,083
Total	<u>50,000</u>	<u>50,000</u>	<u>187,999</u>

* Redemption financial liabilities are the redeemable preferred shares invested by non-controlling shareholders of a subsidiary, and these are recognized initially at the present value of the redemption amount and subsequently measured at amortised cost. The management assessed the impact of discounting and concluded that its financial effect was immaterial; accordingly, the financial liabilities are measured at cost both at initial recognition and subsequent measurement in 2023 and 2024. In 2025, the management re-evaluated the impact of discounting and recognized the cumulative effect of discounting as of 31 December 2025 in the current year.

** As part of the purchase agreements for certain acquisitions completed by the Group in 2025, put options were granted to the non-controlling shareholders, giving them the right to require the Group to purchase their remaining equity interests at a price determined in accordance with the agreed formulas when certain performance criteria are met. Accordingly, the Group recognized the corresponding obligations as financial liabilities.

33. SHARE CAPITAL

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid ordinary shares	<u>469,487</u>	<u>473,450</u>	<u>620,063</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	RMB'000	RMB'000
At 1 January 2023	358,061	358,061
Converted from capital reserve (Note (a))	107,846	107,846
Shares issued under share-based payment schemes	3,580	3,580
At 31 December 2023	<u>469,487</u>	<u>469,487</u>
At 1 January 2024	469,487	469,487
Shares issued under share-based payment schemes	3,963	3,963
At 31 December 2024	<u>473,450</u>	<u>473,450</u>
At 1 January 2025	473,450	473,450
Converted from capital reserve (Note (b))	142,592	142,592
Shares issued under share-based payment schemes	4,021	4,021
At 31 December 2025	<u>620,063</u>	<u>620,063</u>

Notes:

- (a) As approved in the Annual General Meeting held on 12 May 2023, the Company has transferred capital reserve of RMB107,846,000 to share capital with a nominal value of RMB1 per share.
- (b) As approved in the Annual General Meeting held on 23 May 2025, the Company has transferred capital reserve of RMB142,592,000 to share capital with a nominal value of RMB1 per share.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

34. SHARE-BASED PAYMENT

(a) Share-based payment expenses during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity settled share-based payment	118,791	84,836	159,113

(b) Share Option Incentive Plans

According to the Company's performance evaluation and individual performance evaluation, stock options granted to certain senior management personnel, key management personnel, and key technical personnel in 2018, 2022, 2023 and 2025 can be exercised in four installments, with the highest feasible percentage for each exercise period being 22%, 24%, 26%, and 28%, respectively. The first tranche becomes exercisable 12, 15, or 18 months after the grant date; the second tranche, 24, 27, or 30 months after the grant date; the third tranche, 36, 39, or 42 months after the grant date; and the fourth tranche, within 48, 51, or 54 months after the grant date.

(i) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options
	RMB per share	'000
At 1 January 2023		7,593
Granted during the year	66.25	10,310
Forfeited during the year	101.68	(1,310)
Exercised during the year	20.33	(2,732)
At 31 December 2023		13,861
At 1 January 2024		13,861
Granted during the year	58.00	2,066
Forfeited during the year	98.83	(2,579)
Exercised during the year	48.63	(2,824)
At 31 December 2024		10,524
At 1 January 2025		10,524
Granted during the year	66.35	16,468
Forfeited during the year	76.14	(498)
Exercised during the year	51.64	(2,818)
At 31 December 2025		23,676

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

34. SHARE-BASED PAYMENT—continued

(ii) *The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:*

31 December 2023 Number of options ‘000	Exercise price* RMB per share	Exercise period
786	12.86	2020-2024
1,120	55.24	2021-2025
3,696	102.08	2023-2027
8,259	66.00	2024-2028
13,861		
31 December 2024 Number of options ‘000	Exercise price* RMB per share	Exercise period
414	55.14	2021-2025
1,329	101.98	2023-2027
6,716	65.90	2024-2028
2,065	58.00	2025-2029
10,524		
31 December 2025 Number of options ‘000	Exercise price* RMB per share	Exercise period
1,336	78.29	2023-2027
6,494	50.54	2024-2028
2,302	44.46	2025-2029
337	73.69	2026-2030
13,207	55.69	2026-2030
23,676		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

During the period of January 1, 2026 to June 8, 2026, 951,610 share options have been exercised. As of the reporting date, employees are still exercising their share options gradually.

(iii) *Fair value of share options and assumptions*

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

34. SHARE-BASED PAYMENT—continued

Key assumptions used in determining the fair value of share options granted are as follows:

	As at 31 December		
	2023	2024	2025
Fair value at grant date (RMB per share)	5.72-78.24	12.55-78.24	12.55-62.74
Dividend yield (%)	0.1642-0.3807	0.1192-0.3224	0.1192-0.2692
Expected volatility (%)	18.3348-33.3167	18.3348-33.0200	18.3348-40.0925
Risk-free interest rate (%)	1.7199-2.9730	1.4963-2.9730	1.4077-2.4156
Expected life of options (year)	1-4.5	1-4.5	1-4.5
Weighted average share price (RMB per share)	71.74	68.48	55.04

(c) Class II Restricted Stock Incentive Plans

The Company operates 2021 Class II restricted stock incentive plan. According to the Company's performance appraisal and individual performance appraisal, the restricted stock granted to certain senior management personnel, key management personnel and key technical personnel are exercisable in four exercise periods commencing after 12 months from the grant date and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier, with the maximum exercisable percentage for each period being 24%, 26% and 28%, respectively.

(i) The number and weighted average subscription prices of restricted stocks are as follows:

	Weighted average exercise price	Number of restricted stocks
	RMB per share	'000
At 1 January 2023		3,856
Granted during the year	78.71	844
Forfeited during the year	98.73	(197)
Exercised during the year	88.33	(848)
At 31 December 2023		3,655
At 1 January 2024		3,655
Granted during the year	—	—
Forfeited during the year	91.88	(393)
Exercised during the year	67.62	(1,139)
At 31 December 2024		2,123
At 1 January 2025		2,123
Granted during the year	78.29	186
Forfeited during the year	95.77	(339)
Exercised during the year	67.78	(1,203)
At 31 December 2025		767

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

34. SHARE-BASED PAYMENT—continued

(ii) *The exercise prices and exercise periods of the restricted stocks outstanding as at the end of the reporting period are as follows:*

31 December 2023 Number of options '000	Exercise price* RMB per share	Exercise period
2,486	67.72	2022-2026
1,169	102.08	2023-2027
3,655		
31 December 2024 Number of options '000	Exercise price* RMB per share	Exercise period
1,230	67.62	2022-2026
893	101.98	2023-2027
2,123		
31 December 2025 Number of options '000	Exercise price* RMB per share	Exercise period
767	78.29	2023-2027
767		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(iii) *Fair value of restricted stock and assumptions*

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the restricted stock, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the restricted stock and the correlations and volatilities of the peer group companies.

	As at 31 December		
	2023	2024	2025
Fair value at grant date (RMB per share)	56.11-114.22	56.11-114.22	89.30-114.22
Dividend yield (%)	0.1348-0.2817	0.1348-0.2817	0.1487-0.2817
Expected volatility (%)	24.0418-28.3768	24.0418-28.3768	24.0418-27.2970
Risk-free interest rate (%)	2.0521-2.9048	2.0521-2.9048	2.0521-2.4732
Expected life of restricted stock (year)	1-4	1-4	1-4
Weighted average share price (RMB per share)	78.71	82.06	78.29

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages I-8 to I-10 of the financial statements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

35. RESERVES—continued

(a) Capital reserve

The capital reserve represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) the acquisition of minority interest of the Group's subsidiaries and the acquisition obligation of minority shareholders; (iii) the increase in capital reserve arising from the exercise of share-based payment schemes. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Reserve funds

In accordance with the Company Law of the PRC, companies registered in Chinese Mainland are required to allocate 10% of the profits after tax to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve funds may be converted to registered capital, provided that the remaining balance after the conversion is not less than 25% of the registered capital.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

(d) Reserves movement of the Company

Year ended 31 December 2023

	Capital reserves	Share- based payment reserves	Reserve funds	Other reserves	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	514,522	423,980	179,031	82,556	1,828,015	3,028,104
Profit for the year	—	—	—	—	307,356	307,356
Other comprehensive income for the year:						
Share of OCI of associates	—	—	—	35	—	35
Total comprehensive income for the year	—	—	—	35	307,356	307,391
Equity-settled share-based payment schemes	179,770	(52,934)	—	—	—	126,836
Tax effect from equity-settled share-based payment schemes	—	(14,404)	—	—	—	(14,404)
Share-based payment compensation	—	114,467	—	—	—	114,467
Transfer from retained profits	—	—	30,736	—	(30,736)	—
2022 final dividend settled by cash	—	—	—	—	(107,846)	(107,846)
Capital reserve converted to capital	(107,846)	—	—	—	—	(107,846)
Share of capital reserve of associates	—	—	—	10,528	—	10,528
Balance at 31 December 2023	<u>586,446</u>	<u>471,109</u>	<u>209,767</u>	<u>93,119</u>	<u>1,996,789</u>	<u>3,357,230</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

35. RESERVES—continued

Year ended 31 December 2024

	Capital reserves	Share- based payment reserves	Reserve funds	Other reserves	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	586,446	471,109	209,767	93,119	1,996,789	3,357,230
Profit for the year	—	—	—	—	539,416	539,416
Other comprehensive income for the year:						
Share of OCI of associates	—	—	—	23	—	23
Total comprehensive income for the year ...	—	—	—	23	539,416	539,439
Equity-settled share-based payment schemes	251,705	(41,326)	—	—	—	210,379
Tax effect from equity-settled share-based payment schemes	—	949	—	—	—	949
Share-based payment compensation	—	78,340	—	—	—	78,340
Transfer from retained profits	—	—	26,958	—	(26,958)	—
2023 final dividend settled by cash	—	—	—	—	(47,073)	(47,073)
Share of capital reserve of associates	—	—	—	6,212	—	6,212
Balance at 31 December 2024	<u>838,151</u>	<u>509,072</u>	<u>236,725</u>	<u>99,354</u>	<u>2,462,174</u>	<u>4,145,476</u>

Year ended 31 December 2025

	Capital reserves	Share-based payment reserves	Reserve funds	Other reserves	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	838,151	509,072	236,725	99,354	2,462,174	4,145,476
Profit for the year	—	—	—	—	461,730	461,730
Other comprehensive income for the year:	—	—	—	—	—	—
Share of OCI of associates	—	—	—	(118)	—	(118)
Total comprehensive income for the year	—	—	—	(118)	461,730	461,612
Equity-settled share-based payment schemes	223,223	—	—	—	—	223,223
Tax effect from equity-settled share-based payment schemes	—	(5,840)	—	—	—	(5,840)
Share-based payment compensation	—	142,362	—	—	—	142,362
Transfer from retained profits	—	—	54,706	—	(54,706)	—
Capital reserve converted to capital	(142,592)	—	—	—	—	(142,592)
2024 final dividend settled by cash	—	—	—	—	(95,062)	(95,062)
Share of capital reserve of associates	—	—	—	39,604	—	39,604
Balance at 31 December 2025	<u>918,782</u>	<u>645,594</u>	<u>291,431</u>	<u>138,840</u>	<u>2,774,136</u>	<u>4,768,783</u>

36. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

During the Relevant Periods, the Company didn't have any subsidiary that has material non-controlling interests individual or in the aggregate material to the Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB9,692,000, RMB34,528,000 and RMB16,154,000 respectively, in respect of lease arrangements.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Finance leases/ Lease liabilities
	RMB'000	RMB'000
At 1 January 2023	—	57,560
Changes from financing cash flows	—	(23,780)
Lease cancellation	—	(872)
New lease liabilities arising from additional leases during the year	—	9,692
Interest element of lease liabilities	—	2,277
Exchange realignment	—	(1)
At 31 December 2023	—	44,876
At 1 January 2024	—	44,876
Changes from financing cash flows	70,195	(22,537)
Lease cancellation	—	(24,994)
Interest on borrowings (Note 8)	505	—
New lease liabilities arising from additional leases during the year	—	34,528
Interest element of lease liabilities	—	1,901
Exchange realignment	—	161
At 31 December 2024	70,700	33,935
At 1 January 2025	70,700	33,935
Changes from financing cash flows	296,711	(22,543)
Lease cancellation	—	(8,168)
Interest on borrowings (Note 8)	3,431	—
Revision of lease payments	—	(1,140)
Increase arising from acquisition of subsidiaries	26,059	1,100
New lease liabilities arising from additional leases during the year	—	16,154
Interest element of lease liabilities	—	1,147
Exchange realignment	—	34
At 31 December 2025	396,901	20,519

(c) Total cash outflow for leases

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	2,002	3,510	3,210
Within financing activities	23,780	22,537	22,543
Total	25,782	26,047	25,753

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. COMMITMENTS

Capital commitments

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	<u>86,257</u>	<u>22,910</u>	<u>36,717</u>

39. BUSINESS COMBINATION

Acquisition of a 67.0018% interest in GANRUI TECH (CHANGZHOU) CO., LTD.

GANRUI TECH (CHANGZHOU) CO., LTD. is engaged in the geomagnetic sensor. In March 2025, the Group acquired 67.0018% interest in GANRUI TECH (CHANGZHOU) CO., LTD. from the original shareholders, several independent third parties. The acquisition was made to improve the Group's production capacity. The purchase consideration for the acquisition was RMB160,800,000 in cash.

The fair values of the identifiable assets and liabilities of GANRUI TECH (CHANGZHOU) CO., LTD. as at the date of acquisition were as follows:

	Total RMB'000
Cash and cash equivalents	1,061
Trade and bills receivables at amortised cost	5,631
Contract assets	2,372
Inventories	5,925
Prepayments, other receivables and other assets	6,496
Property, plant and equipment	2,203
Right-of-use assets	969
Other Intangible assets	29,811
Other non-current assets	2,000
Trade and bills payables	(2,710)
Other payables and accruals	(10,228)
Contract liabilities	(1,750)
Interest-bearing bank borrowings	(26,059)
Lease liabilities	(1,100)
Other non-current liabilities	(532)
Total identifiable net assets at fair value	14,089
Non-controlling interests	(4,649)
	9,440
Goodwill	<u>151,360</u>
Satisfied by	
Cash consideration paid during the year ended 31 December 2025	<u>160,800</u>

Since the acquisition, GANRUI TECH (CHANGZHOU) CO., LTD. contributed RMB23,428,000 to the Group's revenue and a loss of RMB16,104,000 to the Group's profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year ended 31 December 2025, the revenue of the Group and the profit of the Group for the year ended 31 December 2025 would have been RMB3,900,799,000 and RMB525,783,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

39. BUSINESS COMBINATION—continued

The transaction costs for this acquisition is not material. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	<u>RMB'000</u>
Cash consideration	(160,800)
Cash and bank balances acquired	1,061
Net outflow of cash and cash equivalents included in cash flows used in investing activities ...	<u>(159,739)</u>

Acquisition of a 77.5418% interest in TeraDevices Inc.

TeraDevices Inc. is engaged in the research and development services. In September 2025, the Group acquired 77.5418% interest in TeraDevices Inc. from the original shareholders, several independent third parties. The acquisition was made to improve the Group's production capacity. The purchase consideration for the acquisition was RMB96,927,000 in cash.

The fair values of the identifiable assets and liabilities of TeraDevices Inc. as at the date of acquisition were as follows:

	<u>Total RMB'000</u>
Cash and cash equivalents	8,420
Trade and bills receivables at amortised cost	9,095
Inventories	6,550
Prepayments, other receivables and other assets	4,058
Property, plant and equipment	2,271
Other Intangible assets	6,594
Trade and bills payables	(257)
Other payables and accruals	(1,937)
Other non-current liabilities	(1,648)
Total identifiable net assets at fair value	33,146
Non-controlling interests	<u>(7,444)</u>
	25,702
Goodwill	<u>71,225</u>
Satisfied by	
Cash consideration paid during the year ended 31 December 2025	<u>96,927</u>

Since the acquisition, TeraDevices Inc. contributed RMB12,854,000 to the Group's revenue and a loss of RMB3,569,000 to the Group's profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year ended 31 December 2025, the revenue of the Group and the profit of the Group for the year ended 31 December 2025 would have been RMB3,933,397,000 and RMB544,933,000, respectively.

The transaction costs for this acquisition is not material. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

39. BUSINESS COMBINATION—continued

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash consideration	(96,927)
Cash and bank balances acquired	8,420
Net outflow of cash and cash equivalents included in cash flows used in investing activities	<u>(88,507)</u>

40. RELATED PARTY

(a) Controlling entity

Name	Type	Place of incorporation	Ownership interest		
			As at 31 December		
			2023	2024	2025
Chongqing Hongshun Xiangtai Enterprise Management Co., Ltd	Controlling shareholder	Chongqing, PRC	19.24%	19.08%	18.94%

The Company's controlling shareholder entity is Chongqing Hongshun Xiangtai Enterprise Management Co., Ltd, and the ultimate controlling person is Dr. Zhang Shilong.

(b) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties maybe individuals or other entities.

The directors of the Company are of the view that there had no significant related parties of the Group that had transactions or balances with the Group for the years ended 31 December 2023, 2024 and 2025.

(c) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and bonus	3,357	3,710	3,837
Share based compensation	1,494	1,416	1,507
Pension scheme contributions	189	198	205
Total	<u>5,040</u>	<u>5,324</u>	<u>5,549</u>

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods are as follows:

2023

Financial asset

	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	878,256	—	878,256
Cash and cash equivalents	—	1,303,007	1,303,007
Trade and bills receivables	—	166,472	166,472
Financial assets included in prepayments, deposits and other receivables	—	10,277	10,277
Time deposits	—	10,182	10,182
Restricted cash	—	22,289	22,289
Total	<u>878,256</u>	<u>1,512,227</u>	<u>2,390,483</u>

Financial liabilities

	Financial liabilities at FVTPL	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	264,141	264,141
Financial liabilities included in other payables and accruals	—	12,782	12,782
Financial liabilities included in other non-current liabilities	—	50,000	50,000
Total	<u>—</u>	<u>326,923</u>	<u>326,923</u>

2024

Financial asset

	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	1,499,849	—	1,499,849
Cash and cash equivalents	—	813,194	813,194
Time deposits	—	379,427	379,427
Trade and bills receivables	—	232,764	232,764
Financial assets included in prepayments, deposits and other receivables . . .	—	9,523	9,523
Restricted cash	—	1,755	1,755
Total	<u>1,499,849</u>	<u>1,436,663</u>	<u>2,936,512</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

41. FINANCIAL INSTRUMENTS BY CATEGORY—continued

Financial liabilities

	Financial liabilities at FVTPL	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	316,000	316,000
Interest-bearing bank borrowings	—	70,700	70,700
Financial liabilities included in other payables and accruals	—	69,067	69,067
Financial liabilities included in other non-current liabilities	—	50,000	50,000
Total	—	505,767	505,767

2025

Financial asset

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	1,456,078	—	—	1,456,078
Trade and bills receivables	—	260	362,830	363,090
Cash and cash equivalents	—	—	1,181,028	1,181,028
Time deposits	—	—	453,564	453,564
Restricted cash	—	—	44,540	44,540
Financial assets included in prepayments, deposits and other receivables	—	—	13,686	13,686
Total	1,456,078	260	2,055,648	3,511,986

Financial liabilities

	Financial liabilities at FVTPL	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	—	400,910	400,910
Interest-bearing bank borrowings	—	396,901	396,901
Financial liabilities included in other payables and accruals	—	51,088	51,088
Financial liabilities included in other non-current liabilities	—	187,999	187,999
Total	—	1,036,898	1,036,898

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets:			
Non-current time deposits			
Carrying amount	10,182	379,427	371,754
Fair value	10,410	382,193	373,851
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities:			
Non-current portion of interest-bearing bank borrowings			
Carrying amount	—	34,121	67,172
Fair value	—	34,104	67,861
Financial liabilities included in other non-current liabilities			
Carrying amount	50,000	50,000	187,999
Fair value	48,333	48,497	188,150

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, current portion of interest-bearing bank borrowings, and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets included in time deposits and the financial liabilities included in other non-current liabilities and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current liabilities and interest-bearing bank borrowings as at 31 December 2023, 2024 and 2025 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investments designated at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS—continued

The Group invests in financial products, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable input to the valuation of a financial instrument together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

Financial assets	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
-Unlisted equity investments	Net asset value of underlying investments	Net assets	5% increase/decrease in net assets would result in an increase/decrease in fair value by RMB3,862,000/ RMB3,862,000, RMB4,330,000/RMB4,330,000, and RMB5,228,000/RMB5,228,000 as at 31 December 2023, 2024 and 2025
-Wealth management products	Discounted cash flow method	Interest rates	5% increase/decrease in interest rates would result in an increase/decrease in fair value by RMB230,000/RMB230,000, RMB600,000/RMB600,000, and RMB54,000/RMB54,000 as at 31 December 2023, 2024 and 2025

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Listed equity investments	31,916	—	—	31,916
Unlisted equity investments	—	—	77,247	77,247
Wealth management products	—	—	769,093	769,093
Total	<u>31,916</u>	<u>—</u>	<u>846,340</u>	<u>878,256</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS—continued

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Total		
	RMB'000	RMB'000	RMB'000
Listed equity investments	35,257	—	—
Unlisted equity investments	—	—	86,592
Wealth management products	—	—	1,378,000
Total	35,257	—	1,464,592

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Total		
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:			
Listed equity investments	11,424	—	—
Unlisted equity investments	—	—	104,567
Wealth management products	—	—	1,340,087
Trade and bills receivables at fair value through other comprehensive income	—	260	—
Total	11,424	260	1,444,654

The movements in fair value measurements within Level 3 during the reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss			
At 1 January	576,237	846,340	1,464,592
Purchase	2,361,000	3,174,000	5,095,000
Fair value gains	1,603	7,752	29,829
Disposal	(2,092,500)	(2,563,500)	(5,144,767)
At 31 December	846,340	1,464,592	1,444,654

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS—continued

Liabilities for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Financial liabilities included in other non-current liabilities . . .	—	48,333	—
	==	==	==
			48,333

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank borrowings	—	34,104	—
Financial liabilities included in other non-current liabilities . . .	—	48,497	—
Total	==	82,601	==
			82,601

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank borrowings	—	67,861	—
Financial liabilities included in other non-current liabilities . . .	—	188,150	—
Total	==	256,011	==
			256,011

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the financial statements.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The cash flow interest rate risk and fair value interest rate risk that the Group exposed to are not significant.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from export sales denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange risk, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis point %	Increase/ (decrease) in profit after tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2023			
If the RMB weakens against the USD	5.00%	14,135	14,135
If the RMB strengthens against the USD	-5.00%	(14,135)	(14,135)
If the RMB weakens against the HKD	5.00%	45	45
If the RMB strengthens against the HKD	-5.00%	(45)	(45)
If the RMB weakens against the EUR	5.00%	2	2
If the RMB strengthens against the EUR	-5.00%	(2)	(2)
31 December 2024			
If the RMB weakens against the USD	5.00%	18,848	18,848
If the RMB strengthens against the USD	-5.00%	(18,848)	(18,848)
If the RMB weakens against the HKD	5.00%	39	39
If the RMB strengthens against the HKD	-5.00%	(39)	(39)
If the RMB weakens against the EUR	5.00%	(93)	(93)
If the RMB strengthens against the EUR	-5.00%	93	93
If the RMB weakens against the JPY	5.00%	45	45
If the RMB strengthens against the JPY	-5.00%	(45)	(45)
31 December 2025			
If the RMB weakens against the USD	5.00%	35,451	35,451
If the RMB strengthens against the USD	-5.00%	(35,451)	(35,451)
If the RMB weakens against the HKD	5.00%	1,280	1,280
If the RMB strengthens against the HKD	-5.00%	(1,280)	(1,280)
If the RMB weakens against the EUR	5.00%	(114)	(114)
If the RMB strengthens against the EUR	-5.00%	114	114
If the RMB weakens against the JPY	5.00%	78	78
If the RMB strengthens against the JPY	-5.00%	(78)	(78)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Credit risk

The carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, and other financial assets at amortized cost included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group does not provide any guarantees which would expose the Group to credit risk.

Cash and cash equivalents, time deposits and restricted cash are primarily held with state-owned or listed banks and subject to the impairment requirements of IFRS 9, and the identified impairment loss was immaterial as at 31 December 2023, 2024 and 2025.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs"), which uses a lifetime expected loss allowance for all trade and bills receivables. To measure the ECLs, trade and bills receivables have been grouped based on shared credit risk characteristics and aging. The Group has therefore concluded that the expected loss rates for trade and bills receivables are a reasonable approximation of the loss rates for the contract assets. The Group also made individual assessment on the recoverability of its trade and bills receivables for certain customers based on historical settlement records.

Maximum exposure and year-end staging

The tables below show the credit quality and maximum exposure to credit risk based on Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	1,303,007	—	—	—	1,303,007
Time deposits	10,182	—	—	—	10,182
Restricted cash	22,289	—	—	—	22,289
Trade and bills receivables at amortised cost*	—	—	—	169,576	169,576
Financial assets included in prepayments, other receivables and other assets					
-Normal**	12,219	—	—	—	12,219
-Doubtful**	—	—	—	—	—
Total	<u>1,347,697</u>	<u>—</u>	<u>—</u>	<u>169,576</u>	<u>1,517,273</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and cash equivalents	813,194	—	—	—	813,194
Time deposits	379,427	—	—	—	379,427
Restricted cash	1,755	—	—	—	1,755
Trade and bills receivables at amortised cost*	—	—	—	237,093	237,093
Financial assets included in prepayments, other receivables and other assets					
-Normal**	11,348	—	—	—	11,348
-Doubtful**	—	—	—	—	—
Total	<u>1,205,724</u>	<u>—</u>	<u>—</u>	<u>237,093</u>	<u>1,442,817</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Cash and cash equivalents	1,181,028	—	—	—	1,181,028
Time deposits	453,564	—	—	—	453,564
Restricted cash	44,540	—	—	—	44,540
Trade and bills receivables at amortised cost*	—	—	—	373,407	373,407
Trade and bills receivables at fair value through other comprehensive income	—	—	—	260	260
Financial assets included in prepayments, other receivables and other assets					
-Normal**	15,427	—	—	—	15,427
-Doubtful**	—	—	—	—	—
Total	<u>1,694,559</u>	<u>—</u>	<u>—</u>	<u>373,667</u>	<u>2,068,226</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24 to the Historical Financial Information.

** The credit quality of financial assets included in prepayments, other receivables and other assets, financial assets included in other non-current assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 24 to the financial statements.

The Group had certain concentrations of credit risk as 22.65% and 67.31%, 12.90% and 44.27%, 7.17% and 30.68% of the Group's trade receivables were due from the Group's largest customer and five largest for customers, during the years ended 31 December 2023, 2024 and 2025, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Liquidity risk

The Group's approach to managing liquidity risk is to ensure sufficient capital liquidity to meet its due debts without incurring unacceptable losses or causing damage to the Group's reputation. The Group regularly analyzes its liability structure and maturity dates to ensure the maintenance of ample liquidity. The Group's management monitors the utilization of bank borrowings and ensures compliance with borrowing agreements. At the same time, it maintains close cooperation with financial institutions to maintain sufficient credit lines and effectively prevent and to control liquidity risks.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	On demand for less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	264,141	—	264,141
Financial liabilities included in other payable and accruals	12,782	—	12,782
Lease liabilities	19,415	28,465	47,880
Other non-current liabilities	—	50,000	50,000
Total	296,338	78,465	374,803

As at 31 December 2024

	On demand for less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	316,000	—	316,000
Interest-bearing bank borrowings	38,200	35,161	73,361
Financial liabilities included in other payable and accruals	69,067	—	69,067
Lease liabilities	20,599	14,890	35,489
Other non-current liabilities	—	50,000	50,000
Total	443,866	100,051	543,917

As at 31 December 2025

	On demand for less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	400,910	—	400,910
Interest-bearing bank borrowings	337,319	67,847	405,166
Financial liabilities included in other payable and accruals	51,088	—	51,088
Lease liabilities	13,272	8,035	21,307
Other non-current liabilities	—	203,621	203,621
Total	802,589	279,503	1,082,092

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued***Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 31 December 2023 and 2024 and 2025 were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	4,706,852	5,771,119	6,954,150
Total liabilities	863,028	1,171,859	1,627,044
Debt-to-asset ratio	18%	20%	23%

44. CONTINGENCIES*Guarantee*

As at 31 December 2023 and 2024 and 2025 no guarantee was provided by the Group to third parties.

As at 31 December 2025, the Company was involved as defendant in one outstanding contractual dispute litigation, with a claimed amount of RMB44,000,000, along with overdue payment interest and other expenses. A court hearing was held on 5 February 2026. As at the date of approval of this report, the court had not yet rendered its first-instance judgment. The Company represented that the likelihood of an outflow of economic benefits arising from this matter is remote.

45. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES**The Company**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost	422,989	513,940	947,203

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**45. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES—continued**

Particulars of the Company's principal subsidiaries, which are directly owned by the Company, are included in note 1 to the Historical Financial Information.

The Company's due from subsidiaries mainly comprise dividends receivables, trade and bills receivables and loan receivables. The Company's due to subsidiaries mainly comprise trade payables.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from subsidiaries	213,855	267,157	192,823
Due to subsidiaries	<u>11,818</u>	<u>91,149</u>	<u>283,371</u>

46. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 December 2025.

47. EVENTS AFTER THE RELEVANT PERIODS

The cash dividend distribution plan of RMB124,101,000 (tax inclusive) in respect of the year ended 31 December 2025 has been approved by the Annual General Meeting on 20 April 2026, and has not been fully paid.

Save as disclosed in note 34 to the Historical Financial Information and the dividend distribution mentioned above, there were no other significant events that may affect the Group subsequent to 31 December 2025.

The following is the text of a report set out on page IA-1 received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. The information set out below is the unaudited interim financial information of the Group for the three months ended 31 March 2026, and does not form part of the Accountants' Report from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.



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REVIEW REPORT ON UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE DIRECTORS OF SG MICRO CORP

Introduction

We have reviewed the interim financial information set out on page IA-3 to IA-45, which comprises the condensed consolidated statement of financial position of SG Micro Corp (the “**Company**”) and its subsidiaries (the “**Group**”) as at 31 March 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2026, and explanatory notes. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance International Accounting Standard 34 *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (“**HKSRE 2410**”) as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Other Matter

We draw attention to the fact that the condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2025 and the related explanatory notes disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

Ernst & Young

Certified Public Accountants

Hong Kong

17 June 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Three months ended 31 March	
		2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Revenue	3	1,098,131	789,561
Cost of sales		(600,329)	(439,766)
Gross profit		497,802	349,795
Other income and gains	4	37,005	53,840
Selling and marketing expenses		(74,746)	(62,452)
Administrative expenses		(30,502)	(28,797)
Research and development expenses		(293,594)	(245,723)
Reversal of impairment losses on financial assets and contract assets, net	5	814	2,022
Other expenses		(12,698)	—
Finance costs	6	(4,026)	(899)
Share of profits of associates		4,391	701
PROFIT BEFORE TAX	5	124,446	68,487
Income tax expense	7	(1,678)	(9,829)
PROFIT FOR THE PERIOD		122,768	58,658
Attributable to:			
Owners of the parent		123,693	59,767
Non-controlling interests		(925)	(1,109)
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT:			
Basic	9	0.20	0.10
Diluted	9	0.20	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	122,768	58,658
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,797)	(357)
Others	(63)	(21)
Other comprehensive loss for the period, net of tax	(6,860)	(378)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>115,908</u>	<u>58,280</u>
Attributable to:		
Owners of the parent	116,833	59,389
Non-controlling interests	<u>(925)</u>	<u>(1,109)</u>

APPENDIX IA
**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 March	As at 31 December
	Notes	2026	2025
		RMB'000 (Unaudited)	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	754,541	711,825
Other intangible assets	12	78,367	85,978
Right-of-use assets	11	34,672	38,837
Goodwill	13	301,277	301,277
Deferred tax assets	14	155,129	151,264
Investments in associates	15	561,204	555,364
Time deposits	21	373,739	371,754
Financial assets at fair value through profit or loss, non current	16	121,463	115,991
Other non-current assets	17	29,154	23,371
Total non-current assets		<u>2,409,546</u>	<u>2,355,661</u>
CURRENT ASSETS			
Inventories	18	1,592,087	1,448,216
Trade and bills receivables at amortized cost	19	325,277	362,830
Trade and bills receivables at fair value through other comprehensive income		695	260
Contract assets		1,994	2,084
Prepayments, other receivables and other assets	20	122,430	137,634
Financial assets at fair value through profit or loss	16	1,479,318	1,340,087
Cash and cash equivalents	21	1,183,697	1,181,028
Time deposits	21	27,159	81,810
Restricted cash	21	44,820	44,540
Total current assets		<u>4,777,477</u>	<u>4,598,489</u>
CURRENT LIABILITIES			
Trade payables	22	416,482	400,910
Other payables and accruals	23	363,884	470,629
Interest-bearing bank borrowings	24	502,404	329,729
Lease liabilities	11	9,780	12,752
Contract liabilities	25	26,430	18,389
Total current liabilities		<u>1,318,980</u>	<u>1,232,409</u>
NET CURRENT ASSETS		<u>3,458,497</u>	<u>3,366,080</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,868,043</u>	<u>5,721,741</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	34,920	67,172
Lease liabilities	11	6,764	7,767
Deferred tax liabilities	14	60,342	54,799
Other payables and accruals	23	12,142	8,703
Deferred income	26	63,234	68,195
Other non-current liabilities	27	189,307	187,999
Total non-current liabilities		<u>366,709</u>	<u>394,635</u>
NET ASSETS		<u><u>5,501,334</u></u>	<u><u>5,327,106</u></u>

APPENDIX IA

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
POSITION—continued**

		<u>As at 31 March</u>	<u>As at 31 December</u>
	<u>Notes</u>	<u>2026</u>	<u>2025</u>
		<u>RMB'000</u>	<u>RMB'000</u>
		<i>(Unaudited)</i>	
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	620,361	620,063
Reserves	30	4,848,181	4,674,322
		5,468,542	5,294,385
Non-controlling interests		32,792	32,721
Total equity		<u>5,501,334</u>	<u>5,327,106</u>

APPENDIX IA

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Attributable to owners of the parent							
	Share capital	Capital reserves*	Share-based payment reserve*	Reserve funds*	Exchange fluctuation reserve*	Other reserves*	Retained profits*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2026	620,063	803,880	544,340	291,431	20,147	138,878	2,875,646	5,294,385
Profit for the period (unaudited)	—	—	—	—	—	—	123,693	123,693
Other comprehensive income for the period:							(925)	122,768
Share of OCI of associates (unaudited)	—	—	—	—	—	(63)	—	(63)
Exchange differences on translation of the financial statements (unaudited)	—	—	—	—	(6,797)	—	—	(6,797)
Total comprehensive income for the period (unaudited)	—	—	—	—	(6,797)	(63)	123,693	116,833
Equity-settled share-based payment schemes (unaudited)	298	20,539	(5,767)	—	—	—	—	15,070
Share-based payment compensation (unaudited)	—	—	40,742	—	—	—	—	40,742
Share of capital reserve of associates (unaudited)	—	—	—	—	—	1,512	—	1,512
Balance at 31 March 2026 (unaudited) ..	620,361	824,419	579,315	291,431	13,350	140,327	2,999,339	5,468,542
							32,792	5,501,334

APPENDIX IA

UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY—continued

Notes	Attributable to owners of the parent								Non-controlling interests	Total equity
	Share capital	Capital reserves	Share- based payment reserve	Reserve funds	Exchange fluctuation reserve	Other reserves	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	473,450	824,106	467,412	236,725	29,788	99,392	2,478,354	4,609,227	(9,967)	4,599,260
Profit for the period (unaudited)	—	—	—	—	—	—	59,767	59,767	(1,109)	58,658
Other comprehensive income for the period:										
Share of OCI of associates (unaudited)	—	—	—	—	—	(21)	—	(21)	—	(21)
Exchange differences on translation of the financial statements (unaudited)	—	—	—	—	(357)	—	—	(357)	—	(357)
Total comprehensive income for the period (unaudited)	—	—	—	—	(357)	(21)	59,767	59,389	(1,109)	58,280
Equity-settled share-based payment schemes (unaudited)	225	15,187	(1,314)	—	—	—	—	14,098	—	14,098
Share-based payment compensation (unaudited)	—	—	10,007	—	—	—	—	10,007	752	10,759
Effect on non-controlling interests of the acquisition of a subsidiary (unaudited)	—	—	—	—	—	—	—	—	4,649	4,649
To acquire non-controlling interests obligations arising from acquisitions of a subsidiary (unaudited)	—	(129,851)	—	—	—	—	—	(129,851)	—	(129,851)
Share of capital reserve of associates (unaudited)	—	—	—	—	—	2,909	—	2,909	—	2,909
Balance at 31 March 2025 (unaudited)	473,675	709,442	476,105	236,725	29,431	102,280	2,538,121	4,565,779	(5,675)	4,560,104

* These reserve accounts comprise the consolidated reserves of RMB4,848,181,000 in the condensed consolidated statement of financial position as at 31 March 2026..

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Three months ended 31 March	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		124,446	68,487
Adjustments for:			
Finance costs	6	4,026	899
Listing expense		—	—
Foreign exchange differences, net	4, 5	12,116	(481)
Share of profits of associates		(4,391)	(701)
Gains on disposal of items of property, plant and equipment and right-of-use assets, net	4, 5	(94)	(903)
Depreciation of property, plant and equipment	5	40,246	37,446
Depreciation of right-of-use assets	5	5,486	5,785
Amortization of intangible assets	5	7,217	5,344
Amortization of deferred income		(7,211)	(2,201)
Impairment of contract assets	5	6	—
Impairment losses on financial assets, net		(820)	(2,022)
Fair value gains, net:			
Equity investments at fair value through profit or loss	4,5	(5,658)	(19,156)
Wealth management products	4,5	(6,617)	(2,725)
Interest income	4	(8,380)	(6,004)
Gains on disposal of investments at fair value through profit or loss	4,5	(1,260)	(4,343)
Share-based payment expenses	5,29	41,738	10,759
(Increase)/decrease in inventories		(143,871)	649
Decrease in trade and bills receivables at amortized cost		38,498	93,498
Increase in trade and bills receivables at fair value through other comprehensive income		(435)	—
Decrease in contract assets		84	—
Decrease/(increase) in prepayments, other receivables and other assets		12,445	(40,052)
Increase in trade payables		22,681	25,203
Increase/(decrease) in contract liabilities		8,041	(2,732)
Decrease in other payables and accruals		(98,522)	(79,089)
Increase in restricted cash		(280)	(61)
Cash generated from operations		39,491	87,600
Interest received		5,950	3,607
Net cash flows from operating activities		45,441	91,207

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS—continued

	Notes	Three months ended 31 March	
		2026	2025
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of wealth management products		1,340,000	898,000
Proceeds from disposal of time deposits upon maturity		50,000	—
Proceeds of the income from time deposits		5,096	—
Purchases of items of property, plant and equipment		(96,542)	(68,448)
Additions to other intangible assets		(160)	(1,928)
Dividend from equity investments at fair value through profit or loss		—	311
Dividend from associates		—	1,847
Proceeds of the income from wealth management products		4,646	4,343
Purchases of wealth management products		(1,476,000)	(750,000)
Proceeds from disposal of equity investments at fair value through profit or loss		—	595
Purchase of subsidiaries		—	(123,969)
Withdrawal of intentional deposit of the purchase of an investment		5,000	—
Receipt of government grants for property, plant and equipment		2,250	500
Net cash flows used in investing activities		(165,710)	(38,749)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		15,070	14,098
New bank loans		155,256	21,396
Interest paid		(2,340)	(520)
Payment of lease payments		(5,633)	(5,425)
Payment of bank and other borrowings		(14,966)	—
Payment of listing expense		(2,003)	—
Acquisition of non-controlling interests		(3,703)	—
Net cash flows from financing activities		141,681	29,549
NET INCREASE IN CASH AND CASH EQUIVALENTS		21,412	82,007
Cash and cash equivalents at beginning of period		1,181,028	813,194
Effect of foreign exchange rate changes, net		(18,743)	402
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>1,183,697</u>	<u>895,603</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,228,517	897,419
Restricted cash		(44,820)	(1,816)
Cash and cash equivalents as stated in the consolidated statement of financial position		<u>1,183,697</u>	<u>895,603</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>1,183,697</u>	<u>895,603</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**1. CORPORATE INFORMATION AND BASIS OF PREPARATION**

SG Micro Corp (hereinafter referred to as “the Company”) is a limited company registered in Beijing, Chinese Mainland on 26 January 2007. The registered address of the Company is Room 4-1106, 11th Floor, No. 87, Xisanhuan North Road, Haidian District, Beijing, the People’s Republic of China (the “PRC”). On 6 June 2017, the Company’s A shares were listed on the Shenzhen Stock Exchange.

During the reporting period, the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) are principally engaged in designing, developing and selling analog ICs and sensors that sense, amplify, convert and power, forming the fundamental building blocks of all electronic systems. These products are widely applied in Industrial & Energy, Automotive, Networking & Computing and Consumer Electronics.

As of 31 March 2026, there have been no material changes to the Company’s principal subsidiaries since 31 December 2025.

The interim condensed consolidated financial information for the three months ended 31 March 2026 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial information has been prepared in accordance with the same basis of preparation and accounting policies adopted in the historical financial information for the years ended 31 December 2023, 2024 and 2025 (the “Historical Financial Information”) as disclosed in Appendix I to the document dated 17 June 2026 (the “Document”) issued by the Company. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

2. OPERATING SEGMENT INFORMATION**(a) Description of segments and principal activities**

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of ICs products.

(b) Segment information

There was no single customer from which the revenue amounted to 10% or more of the Group’s revenue for the reporting period. The Group’s non-current assets excluding financial instruments and deferred taxes were primarily located in Chinese Mainland as at the end of the reporting period.

APPENDIX IA
**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued**
3. REVENUE

An analysis of revenue is as follows:

	Three months ended 31 March	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue from contracts with customers:		
Disaggregated by major products or service lines		
- Power Management ICs	662,115	466,578
- Signal Chain ICs	423,691	316,547
- Others	12,325	6,436
Total revenue	<u>1,098,131</u>	<u>789,561</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Three months ended 31 March	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Geographical information		
Hong Kong	514,712	406,418
Chinese Mainland	515,603	307,422
Taiwan	35,168	31,670
Others	32,648	44,051
Total revenue	<u>1,098,131</u>	<u>789,561</u>
Timing of revenue recognition		
Goods and services transferred at a point in time	1,098,131	789,561
Total revenue	<u>1,098,131</u>	<u>789,561</u>

The following table shows the amounts of revenue recognized during the reporting period that were included in the contract liabilities at the beginning of each of the respective period:

	Three months ended 31 March	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue recognized that was included in contract liabilities at the beginning of the period:		
Sale of products	12,840	13,224
Rendering of services	—	3,396
Total	<u>12,840</u>	<u>16,620</u>

APPENDIX IA
**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION**
**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued**
3. REVENUE—continued
(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied when the products are delivered or accepted by the customer, and payment is generally due within certain days upon delivery or after acceptance, except for new customers, where payment in advance is normally required.

Rendering of services

The performance obligation is satisfied upon completion and acceptance of the services and payment is generally due upon completion of the services.

For the above contracts with customers, they are rendered in a short period of time, which is generally less than one year.

4. OTHER INCOME AND GAINS

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<u>Other income</u>		
Government grants*	14,899	20,192
Bank interest income	8,380	6,004
Subtotal	<u>23,279</u>	<u>26,196</u>
<u>Gains</u>		
Foreign exchange income, net	—	481
Gains on disposal of investments at fair value through profit or loss:		
Wealth management products	1,260	4,343
Gains on disposal of items of property, plant and equipment and right-of-use		
assets	94	903
Fair value gains on:		
Wealth management products	6,617	2,725
Equity investments at fair value through profit or loss	5,658	19,156
Others	97	36
Subtotal	<u>13,726</u>	<u>27,644</u>
Total other income and gains	<u>37,005</u>	<u>53,840</u>

* The government grants were mainly incentives provided by local government authorities in Chinese Mainland, including various forms of government financial incentives and preferential tax treatments. There were no unfulfilled conditions or contingencies relating to these government grants.

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5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cost of raw materials consumed	247,799	204,354
Cost of packaging testing	251,978	175,098
Research and development expenses	293,594	245,723
Equity-settled share-based payment expense*	41,738	10,759
Depreciation of property, plant and equipment*	40,246	37,446
Depreciation of right-of-use assets*	5,486	5,785
Amortization of intangible assets*	7,217	5,344
Lease payments not included in the measurement of lease liabilities*	723	763
Staff costs (excluding directors' remuneration)*:		
Salaries, wages and bonus	237,890	219,157
Pension scheme contributions**	19,476	16,883
Total	257,366	236,040
Impairment of financial assets and contract assets, net:		
Impairment/ (reversal of impairment losses) of other receivables, net	134	(284)
Reversal of impairment losses of trade and bills receivables, net	(954)	(1,738)
Impairment of contract assets, net	6	—
Impairment of Inventories	66,197	33,298
Gains on disposal of items of property, plant and equipment, intangible assets and right-of-use assets, net	(94)	(903)
Gains on disposal of investments at fair value through profit or loss	(1,260)	(4,343)
Foreign exchange loss/(income), net	12,116	(481)
Fair value gains, net :		
Wealth management products	(6,617)	(2,725)
Equity investments at fair value through profit or loss	(5,658)	(19,156)

* The amounts of these accounts are partially included in the cost of packaging testing and research and development expenses.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Amortization of interest expense on redemption financial liabilities	1,308	—
Interest on borrowings	2,473	535
Interest on lease liabilities	245	364
Total	4,026	899

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

7. INCOME TAX

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the reporting period.

(i) PRC corporate income tax

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

Pursuant to the Notice of the Ministry of Industry and Information Technology, the Ministry of Finance, the State Taxation Administration and National Development Reform Commission on Relevant Issues Concerning the Preferential Policies on Enterprise Income Tax to promote high quality development of integrated circuit industry and software industry in December 2020, the Company was entitled to apply a reduced tax rate of 10% after passing the qualification verification of Key Integrated Circuit Design Enterprise by relevant authorities during the reporting period.

Certain subsidiaries of the Company in Chinese Mainland were approved as High-tech enterprises, and they were subject to a preferential corporate income tax rate of 15% for the reporting period.

(ii) Hong Kong profits tax

The first HKD2,000,000 of assessable profits of Hong Kong subsidiaries are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% on the estimated assessable profits. SG MICRO (HK) LIMITED was entitled to enjoy offshore tax exemption from the Hong Kong Inland Revenue Department due to its offshore transaction nature for the reporting period.

(iii) Corporate income tax in other jurisdictions

The income tax rates of the subsidiaries in Japan and Germany are 22.39% and 27.9%, respectively.

The major components of income tax expense of the Group are as follows:

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax	—	—
Deferred tax (note 14)	1,678	9,829
Total tax charge for the period	<u>1,678</u>	<u>9,829</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

8. DIVIDENDS

There was no record of cash dividend distribution for the three months ended 31 March 2026.

The final cash dividend distribution of RMB124,101,000 (tax inclusive) in respect of the year ended 31 December 2025 has been approved by the Annual General Meeting on 20 April 2026.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the periods attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the reporting period.

The share option and restricted stock granted by the Company have potential dilutive effect on the earnings per share. The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	123,693	59,767
Shares		
Weighted average number of ordinary shares outstanding during the period, used in the basic earnings per share calculation	620,159	615,566
Effect of dilution - weighted average number of ordinary shares:		
Share options	5,985	3,920
Total	626,144	619,486

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10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Electronic equipment and others	Leasehold improvements	Office furniture	Special Tooling	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2026							
Cost	340,282	1,419	513,188	41,781	11,979	352,853	1,261,502
Depreciation	(22,373)	(1,413)	(296,369)	(37,372)	(7,415)	(184,735)	(549,677)
Impairment	—	—	—	—	—	—	—
Net carrying amount as at 1 January 2026	317,909	6	216,819	4,409	4,564	168,118	711,825
Cost changes (unaudited)	56,984	22	34,843	4,144	23	(13,065)	82,951
Depreciation changes (unaudited)	(2,838)	(5)	(21,458)	(1,235)	(489)	(14,210)	(40,235)
At 31 March 2026							
Cost (unaudited)	397,266	1,441	548,031	45,925	12,002	339,788	1,344,453
Depreciation (unaudited)	(25,211)	(1,418)	(317,827)	(38,607)	(7,904)	(198,945)	(589,912)
Impairment (unaudited)	—	—	—	—	—	—	—
Net carrying amount as at 31 March 2026 (unaudited)	372,055	23	230,204	7,318	4,098	140,843	754,541

11. LEASES
(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements are as follows:

	Land use rights	Parking space use rights	Buildings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2026	11,996	6,353	20,488	38,837
Additions (unaudited)	—	—	2,888	2,888
Lease cancelation (unaudited)	—	—	(1,561)	(1,561)
Revision of lease payments (unaudited)	—	—	(6)	(6)
Depreciation charge (unaudited)	(65)	(56)	(5,365)	(5,486)
As at 31 March 2026 (unaudited)	11,931	6,297	16,444	34,672

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

11. LEASES—continued

(b) Lease liabilities

The carrying amounts of the Group's leases liabilities and the movements are as follows:

	<u>As at 31 March</u>
	<u>2026</u>
	<u>RMB'000</u>
Carrying amount at 1 January	20,519
New leases (unaudited)	2,888
Accretion of interest recognized during the period (unaudited)	245
Exchange realignment (unaudited)	(2)
Revision of lease payments (unaudited)	(6)
Lease cancelation (unaudited)	(1,467)
Payments (unaudited)	(5,633)
Carrying amount at 31 March(unaudited)	<u>16,544</u>
Analyzed into:	
Current portion(unaudited)	9,780
Non-current portion (unaudited)	<u>6,764</u>

The maturity analysis of lease liabilities is disclosed in note 37 to the Interim Financial Information.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	<u>Three months ended 31 March</u>	
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Depreciation charge of right-of-use assets	5,486	5,785
Interest on lease liabilities	245	364
Expense relating to short-term leases	723	763
Lease cancelation	94	903
Total amount recognized in profit or loss	<u>6,548</u>	<u>7,815</u>

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12. OTHER INTANGIBLE ASSETS

	Software copyright RMB'000	Certificate of layout rights for integrated circuits RMB'000	Patented technology RMB'000	Non-patented technology RMB'000	Software RMB'000	Total RMB'000
Cost:						
At 1 January 2026	898	1,483	34,024	17,170	118,364	171,939
Additions (unaudited)	—	—	—	—	160	160
Disposal (unaudited)	(539)	—	—	(64)	—	(603)
At 31 March 2026 (unaudited)	<u>359</u>	<u>1,483</u>	<u>34,024</u>	<u>17,106</u>	<u>118,524</u>	<u>171,496</u>
Amortization:						
At 1 January 2026	70	155	2,613	9,973	73,150	85,961
Provided during the period (unaudited)	9	34	1,024	381	5,769	7,217
Disposal (unaudited)	(49)	—	—	—	—	(49)
At 31 March 2026 (unaudited)	<u>30</u>	<u>189</u>	<u>3,637</u>	<u>10,354</u>	<u>78,919</u>	<u>93,129</u>
Impairment:						
At 1 January 2026	—	—	—	—	—	—
At 31 March 2026 (unaudited)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount as at 31 March 2026 (unaudited)	<u>329</u>	<u>1,294</u>	<u>30,387</u>	<u>6,752</u>	<u>39,605</u>	<u>78,367</u>
Net carrying amount as at 1 January 2026	<u>828</u>	<u>1,328</u>	<u>31,411</u>	<u>7,197</u>	<u>45,214</u>	<u>85,978</u>

13. GOODWILL

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
At beginning of period/year		
Cost	303,460	80,875
Accumulated impairment	(2,183)	(2,183)
Net carrying amount	<u>301,277</u>	<u>78,692</u>
Cost at beginning of period/year, net of accumulated impairment	301,277	78,692
Acquisition of subsidiaries	—	222,585
Cost and carrying amount at end of period/year	<u>301,277</u>	<u>301,277</u>
At end of period/year		
Cost	303,460	303,460
Accumulated impairment	(2,183)	(2,183)
Net carrying amount	<u>301,277</u>	<u>301,277</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

13. GOODWILL—continued

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the group of Cash-Generating Units (“CGU” or “CGUs”) for impairment testing as below:

- Suzhou Qingxinfang
- Shanghai Fangtai
- Dalian Alpha
- Hangzhou Shenan
- Shanghai Pingsheng
- Changzhou Ganrui
- TeraDevices Inc

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	As at 31 March 2026	As at 31 December 2025
	RMB'000 (Unaudited)	RMB'000
Suzhou Qingxinfang	49,851	49,851
Shanghai Fangtai	16,555	16,555
Dalian Alpha	7,929	7,929
Hangzhou Shenan	4,357	4,357
Changzhou Ganrui	151,360	151,360
TeraDevice Inc	71,225	71,225
Total	<u>301,277</u>	<u>301,277</u>

As at 31 March 2026, the management assessed and concluded that there was no impairment indicator was identified. Accordingly, no quantitative impairment test was performed as at 31 March 2026, as a result that no further loss was recognized.

Impairment reviews on the goodwill of the Group have been conducted by the management as at 31 December 2025, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU or group of CGUs are determined based on value in use (“VIU”) calculations by using the discounted cash flow method covering a 5-year period.

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14. DEFERRED TAX

The gross amounts of deferred tax assets and liabilities of the Group before offsetting are as follows:

(a) Gross deferred tax assets

	At 1 January 2026	Deferred tax (charged)/credited to the statement of profit or loss during the period	As at 31 March 2026
	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Losses available for offsetting against future taxable profits	67,947	(712)	67,235
Accruals and provision	27,213	3,632	30,845
Impairment of assets	28,595	2,265	30,860
Share-based payment	24,180	1,218	25,398
Payroll payables	9,745	1,387	11,132
Deferred income	4,784	(655)	4,129
Depreciation and amortization	1,676	(626)	1,050
Lease liabilities	623	(120)	503
Total	<u>164,763</u>	<u>6,389</u>	<u>171,152</u>

(b) Gross deferred tax liabilities

	At 1 January 2026	Deferred tax charged/(credited) to the statement of profit or loss during the period	As at 31 March 2026
	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Withholding taxes	53,181	5,616	58,797
Depreciation and amortization	12,214	1,520	13,734
Right-of-use assets	561	(121)	440
Fair value adjustments arising from acquisition of subsidiaries	1,618	(73)	1,545
Changes in fair value	489	1,159	1,648
Others	235	(34)	201
Total	<u>68,298</u>	<u>8,067</u>	<u>76,365</u>

(c) Offsetting

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 March 2026		As at 31 December 2025	
	Offsetting	Net carrying amount	Offsetting	Net carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)		
Deferred tax assets	16,023	155,129	13,499	151,264
Deferred tax liabilities	16,023	60,342	13,499	54,799

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14. DEFERRED TAX—continued

(d) Deferred tax assets not recognized

	<u>As at 31 March</u>	<u>As at 31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Deductible temporary difference	164,999	142,168
Tax losses	1,240,798	1,165,029
Total	<u>1,405,797</u>	<u>1,307,197</u>

The above tax losses are available in one to ten years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

At 31 March 2026 and 31 December 2025, other than the amount recognized in the consolidated financial statements, deferred tax has not been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

15. INVESTMENTS IN ASSOCIATES

	<u>As at</u>	<u>As at</u>
	<u>31 March</u>	<u>31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Share of net assets	414,198	408,358
Goodwill on acquisition	147,006	147,006
Total	<u>561,204</u>	<u>555,364</u>

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	<u>As at</u>	<u>As at</u>
	<u>31 March</u>	<u>31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Share of the associates' profit for the period/year	4,391	7,549
Aggregate carrying amount of the Group's investments in the associates	<u>561,204</u>	<u>555,364</u>

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16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>As at 31 March</u>	<u>As at 31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Non-current:		
Listed equity investments, at fair value	8,290	11,424
Other unlisted investments, at fair value	113,173	104,567
Subtotal	<u>121,463</u>	<u>115,991</u>
Current:		
Wealth management products	1,479,318	1,340,087
Total	<u><u>1,600,781</u></u>	<u><u>1,456,078</u></u>

The above equity investments in unlisted entities were classified as financial assets at fair value through profit or loss as the Group has not designated it as financial assets at fair value through other comprehensive income.

The above wealth management products were issued by banks in Chinese Mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

17. OTHER NON-CURRENT ASSETS

	<u>As at 31 March</u>	<u>As at 31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Prepayments for packaging and testing	1,800	1,800
Prepayments for software	3,894	4,160
Prepayments for property, plant and equipment	22,854	16,830
Others	606	581
Subtotal	<u>29,154</u>	<u>23,371</u>
Less: Impairment	—	—
Total	<u><u>29,154</u></u>	<u><u>23,371</u></u>

18. INVENTORIES

	<u>As at 31 March</u>	<u>As at 31 December</u>
	<u>2026</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<i>(Unaudited)</i>	
Raw materials	969,547	836,639
Finished goods	712,552	686,946
Work in progress	246,169	234,568
Contract costs	493	493
Less: Provision for impairment	(336,674)	(310,430)
Total	<u><u>1,592,087</u></u>	<u><u>1,448,216</u></u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

19. TRADE AND BILLS RECEIVABLES AT AMORTIZED COST

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Trade receivables	334,230	372,289
Bills receivables	654	1,118
Less: Impairment	(9,607)	(10,577)
Total	<u>325,277</u>	<u>362,830</u>

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally one month. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 March 2026 and 31 December 2025, 32.53% and 30.68% of the total trade receivables, respectively, were due from the Group's five largest customers.

Trade and bills receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the reporting period, based on the past due date and net of loss allowance, is as follows:

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Not due and within one year	322,343	359,716
Over one year	2,280	1,996
total	<u>324,623</u>	<u>361,712</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
At the beginning of the period/year	10,577	4,329
(Reversal of impairment losses)/ impairment losses, net	(954)	2,173
Exchange realignment	(16)	(37)
Acquisition of a subsidiary	—	4,112
At the end of the period/year	<u>9,607</u>	<u>10,577</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
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19. TRADE AND BILLS RECEIVABLES AT AMORTIZED COST—continued

The Group applies the simplified approach to providing for expected credit losses at the end of the reporting period. In addition, the provision rates are based on aging for groupings of various customer segments with similar loss patterns on a collective basis. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if a customer discontinues operation with no reasonable expectation of recovering the contractual cash flows and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 March		As at 31 December	
	2026		2025	
	Gross carrying amount	Expected credit losses	Gross carrying amount	Expected credit losses
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000	RMB'000
Individual evaluation of expected credit losses	3,073	3,073	3,401	3,401
Assessment of expected credit losses by credit risk portfolio	331,157	6,534	368,888	7,176
Total	<u>334,230</u>	<u>9,607</u>	<u>372,289</u>	<u>10,577</u>

	Gross carrying amount	Expected credit losses	Expected loss rate
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	(Unaudited)
31 March 2026			
Individual evaluation of expected credit losses:	3,073	3,073	100.00%
Assessment of expected credit losses by credit risk portfolio:			
Not due and within one year	328,190	5,847	1.78%
From one year to two years	1,343	125	9.31%
From two years to three years	467	69	14.78%
From three years to four years	547	172	31.44%
From four years to five years	610	321	52.62%
Total	<u>334,230</u>	<u>9,607</u>	<u>2.87%</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Deductible input value-added tax (“VAT”)	40,087	36,131
Prepaid income tax	11,872	29,885
Listing fees	22,741	20,371
Rights of return assets	16,067	17,018
Prepayments for packaging and testing	10,050	10,050
Deposits	9,491	8,871
Prepayment for raw materials and products	3,755	5,280
Others	10,242	11,769
Less: Impairment allowance	(1,875)	(1,741)
Total	<u>122,430</u>	<u>137,634</u>

21. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND RESTRICTED CASH

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Time deposits:		
Current	27,159	81,810
Non-current	<u>373,739</u>	<u>371,754</u>
Current:		
Cash and bank balances	1,228,517	1,225,568
Less: Restricted cash	<u>(44,820)</u>	<u>(44,540)</u>
Cash and cash equivalents	<u>1,183,697</u>	<u>1,181,028</u>

As at 31 March 2026 and 31 December 2025, the restricted cash mainly consisted of property preservation freeze.

22. TRADE PAYABLES

An aging analysis of the trade payables of the Group as at the end of each of the reporting period, based on the invoice date, is as follows:

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Within 1 month	310,095	308,775
1 to 2 months	88,024	71,211
2 to 3 months	18,203	20,869
Over 3 months	160	55
Total	<u>416,482</u>	<u>400,910</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

23. OTHER PAYABLES AND ACCRUALS

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Payroll and welfare payables	251,082	348,522
Liabilities for expected sales return and warranty	71,030	65,867
Payables for technological development	3,936	7,516
Other tax payable	11,223	13,856
Payables for additions of property, plant and equipment	15,340	14,543
Others	23,415	29,028
Total	<u>376,026</u>	<u>479,332</u>
Analyzed into:		
Non-current portion	12,142	8,703
Current portion	363,884	470,629

24. INTEREST-BEARING BANK BORROWINGS

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Current:		
Bank loans - Unsecured	452,476	300,928
Current portion of long-term bank loans - Secured	49,928	28,801
Total	<u>502,404</u>	<u>329,729</u>
Non-current:		
Bank loans - Secured	84,848	95,973
Less: Due within one year	(49,928)	(28,801)
Total	<u>34,920</u>	<u>67,172</u>

(a) As at 31 March 2026, the annual interest rate of short-term borrowings was 2.11%.

(b) As at 31 March 2026, the annual interest rates of long-term borrowings was 2.65%.

(c) As at 31 March 2026, secured bank borrowings were guaranteed by the Company.

At 31 March 2026 and 31 December 2025, the Group's bank loans were repayable as follows:

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Within 1 year	502,404	329,729
1 to 2 years	34,920	67,172
Total	<u>537,324</u>	<u>396,901</u>

APPENDIX IA**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION****NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued****25. CONTRACT LIABILITIES**

An analysis of the contract liabilities arising from short-term advances received from customers are as follows:

	<u>As at 31 March</u> <u>2026</u> <u>RMB'000</u> <i>(Unaudited)</i>	<u>As at 31 December</u> <u>2025</u> <u>RMB'000</u>
Receipt in advance		
-Sales of products	21,240	13,167
-Rendering of services	5,190	5,222
Total	<u>26,430</u>	<u>18,389</u>

26. DEFERRED INCOME

	<u>As at 31 March</u> <u>2026</u> <u>RMB'000</u> <i>(Unaudited)</i>	<u>As at 31 December</u> <u>2025</u> <u>RMB'000</u>
At beginning of period/year	68,195	75,701
Additions during the period/year	2,250	31,941
Released to profit or loss	(7,211)	(39,447)
At end of period/year	<u>63,234</u>	<u>68,195</u>

Deferred income is mainly government grants deferred. Government grants will be recognized into profit or loss when conditions attached are fulfilled or on a straight-line basis over the expected lives of the property, plant and equipment.

27. OTHER NON-CURRENT LIABILITIES

	<u>As at 31 March</u> <u>2026</u> <u>RMB'000</u> <i>(Unaudited)</i>	<u>As at 31 December</u> <u>2025</u> <u>RMB'000</u>
Redemption financial liabilities	44,388	43,916
Financial liabilities related to obligations to acquire non-controlling interests arising from acquisitions of subsidiaries	<u>144,919</u>	<u>144,083</u>
Total	<u>189,307</u>	<u>187,999</u>

28. SHARE CAPITALShares

	<u>As at 31 March</u> <u>2026</u> <u>RMB'000</u> <i>(Unaudited)</i>	<u>As at 31 December</u> <u>2025</u> <u>RMB'000</u>
Issued and fully paid ordinary shares	<u>620,361</u>	<u>620,063</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

28. SHARE CAPITAL—continued

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
	RMB'000	RMB'000
At 1 January 2026	620,063	620,063
Shares issued under share-based payment schemes (unaudited)	298	298
At 31 March 2026 (unaudited)	<u>620,361</u>	<u>620,361</u>

29. SHARE-BASED PAYMENT

(a) Share-based payment expenses during the reporting period are as follows:

	Three months ended 31 March	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Equity settled share-based payment	<u>41,738</u>	<u>10,759</u>

(b) Share Option Incentive Plans

According to the Company's performance evaluation and individual performance evaluation, stock options granted to certain senior management personnel, key management personnel, and key technical personnel in 2026 can be exercised in four installments, with the highest feasible percentage for each exercise period being 22%, 24%, 26%, and 28%, respectively. The first tranche becomes exercisable within 12 to 24 months after the grant date; the second tranche, 24 to 36 months after the grant date; the third tranche, 36 to 48 months after the grant date; and the fourth tranche, within 48 to 60 months after the grant date.

(i) The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options
	RMB per share	'000
At 1 January 2026		23,676
Granted during the period (unaudited)	58.00	6,552
Forfeited during the period (unaudited)	51.21	(312)
Exercised during the period (unaudited)	<u>50.20</u>	<u>(295)</u>
At 31 March 2026		<u>29,621</u>
At 1 January 2025		10,524
Exercised during the period (unaudited)	<u>61.55</u>	<u>(220)</u>
At 31 March 2025		<u>10,304</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

29. SHARE-BASED PAYMENT—continued

(ii) *The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:*

31 March 2026 (Unaudited) Number of options ‘000	Exercise price* RMB per share	Exercise period
1,336	78.29	2023-2027
6,150	50.54	2024-2028
2,191	44.46	2025-2029
337	73.69	2026-2030
13,055	55.69	2026-2030
6,552	58.00	2027-2031
29,621		
31 March 2025 (Unaudited) Number of options ‘000	Exercise price* RMB per share	Exercise period
325	55.14	2021-2025
1,329	101.98	2023-2027
6,585	65.90	2024-2028
2,065	58.00	2025-2029
10,304		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(iii) *Fair value of share options and assumptions*

The fair value at grant date is independently determined using an adjusted form of the Black Scholes Model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

Key assumptions used in determining the fair value of share options granted are as follows:

	As at 31 March 2026 (Unaudited)
Fair value at grant date (RMB per share)	12.55-62.74
Dividend yield (%)	0.1192-0.2692
Expected volatility (%)	18.3348-40.0925
Risk-free interest rate (%)	1.2568-2.4156
Expected life of options (year)	1-4.25
Weighted average share price (RMB per share)	55.53

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

29. SHARE-BASED PAYMENT—continued

(c) Class II Restricted Stock Incentive Plans

The Company operates 2021 Class II restricted stock incentive plan. According to the Company's performance appraisal and individual performance appraisal, the restricted stock granted to certain senior management personnel, key management personnel and key technical personnel are exercisable in four exercise periods commencing after 12 months from the grant date and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier, with the maximum exercisable percentage for each period being 22%, 24%, 26% and 28%, respectively.

(i) *The number and weighted average subscription prices of restricted stocks are as follows:*

	Weighted average exercise price	Number of restricted stocks
	RMB per share	'000
At 1 January 2026	—	767
Exercised during the period (unaudited)	78.29	(3)
At 31 March 2026 (unaudited)		764
At 1 January 2025	—	2,123
Exercised during the period (unaudited)	101.98	(6)
At 31 March 2025 (unaudited)		2,117

(ii) *The exercise prices and exercise periods of the restricted stocks outstanding as at the end of the reporting period are as follows:*

31 March 2026 (unaudited) Number of options '000	Exercise price* RMB per share	Exercise period
764	78.29	2023-2027
764		
31 March 2025 (unaudited) Number of options '000	Exercise price* RMB per share	Exercise period
1,230	67.62	2022-2026
887	101.98	2023-2027
2,117		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued****30. RESERVES**

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the consolidated statement of changes in equity on pages IA-6 to IA-7 of the financial statements.

(a) Capital reserve

The capital reserve represents (i) the excess of capital contributions from the equity holders of the Company over the share capital; (ii) the acquisition of minority interest of the Group's subsidiaries and the acquisition obligation of minority shareholders; (iii) the increase in capital reserve arising from the exercise of share-based payment schemes. Details of the movement in capital reserve are set out in the consolidated statements of changes in equity.

(b) Reserve funds

In accordance with the Company Law of the PRC, companies registered in Chinese Mainland are required to allocate 10% of the profits after tax to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the reserve funds may be converted to registered capital, provided that the remaining balance after the conversion is not less than 25% of the registered capital.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial information of entities of which the functional currency is not RMB.

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

During the reporting period, the Company didn't have any subsidiary that has material non-controlling interests individual or in the aggregate material to the Company.

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Major non-cash transactions**

During the three months ended 31 March 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,888,000 and RMB2,888,000 respectively, in respect of lease arrangements.

APPENDIX IA
**UNAUDITED INTERIM CONDENSED
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**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued**
32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS—continued
(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Finance leases/ Lease liabilities
	RMB'000	RMB'000
At 1 January 2026	396,901	20,519
Changes from financing cash flows (unaudited)	137,950	(5,633)
Lease cancelation (unaudited)	—	(1,467)
Interest on borrowings (Note 6) (unaudited)	2,473	—
Revision of lease payments (unaudited)	—	(6)
New lease liabilities arising from additional leases during the period (unaudited)	—	2,888
Interest element of lease liabilities (unaudited)	—	245
Exchange realignment (unaudited)	—	(2)
At 31 March 2026 (unaudited)	<u>537,324</u>	<u>16,544</u>

(c) Total cash outflow for leases

	Three months ended 31 March	
	2026	2025
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Within operating activities	723	763
Within financing activities	5,633	5,425
Total	<u>6,356</u>	<u>6,188</u>

33. COMMITMENTS
Capital commitments

	As at 31 March 2026	As at 31 December 2025
	RMB'000 (Unaudited)	RMB'000
Property, plant and equipment	<u>132,025</u>	<u>36,717</u>

34. RELATED PARTY
(a) Controlling entity

Name	Type	Place of incorporation	Ownership interest	
			As at 31 March 2026	As at 31 December 2025
			(Unaudited)	
Chongqing Hongshun Xiangtai Enterprise Management Co., Ltd	Controlling shareholder	Chongqing, PRC	18.93%	18.94%

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued**34. RELATED PARTY—continued**

The Company's controlling shareholder entity is Chongqing Hongshun Xiangtai Enterprise Management Co., Ltd, and the ultimate controlling person is Dr. Zhang Shilong.

(b) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties maybe individuals or other entities.

The directors of the Company are of the view that the there had no significant related parties of the Group that had transactions or balances with the Group for three months ended 31 March 2026 and 2025.

(c) Compensation of key management personnel of the Group

	Three months ended 31 March	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and bonus	881	962
Share based compensation	339	217
Pension scheme contributions	52	51
Total	<u>1,272</u>	<u>1,230</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 March 2026 and 31 December 2025 are as follows:

31 March 2026

Financial asset

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortized cost	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Financial assets at fair value through profit or loss	1,600,781	—	—	1,600,781
Cash and cash equivalents	—	—	1,183,697	1,183,697
Time deposits	—	—	400,898	400,898
Trade and bills receivables	—	695	325,277	325,972
Restricted cash	—	—	44,820	44,820
Financial assets included in prepayments, deposits and other receivables	—	—	8,620	8,620
Total	<u>1,600,781</u>	<u>695</u>	<u>1,963,312</u>	<u>3,564,788</u>

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000 (Unaudited)
Trade payables	416,482
Interest-bearing bank borrowings	537,324
Financial liabilities included in other payables and accruals	42,691
Financial liabilities included in other non-current liabilities	189,307
Total	<u>1,185,804</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

35. FINANCIAL INSTRUMENTS BY CATEGORY—continued

The carrying amounts of each of the categories of financial instruments as at 31 March 2026 and 31 December 2025 are as follows: (continued)

31 December 2025

Financial asset

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortized cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	1,456,078	—	—	1,456,078
Cash and cash equivalents	—	—	1,181,028	1,181,028
Time deposits	—	—	453,564	453,564
Trade and bills receivables	—	260	362,830	363,090
Restricted cash	—	—	44,540	44,540
Financial assets included in prepayments, deposits and other receivables	—	—	13,686	13,686
Total	<u>1,456,078</u>	<u>260</u>	<u>2,055,648</u>	<u>3,511,986</u>

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	400,910
Interest-bearing bank borrowings	396,901
Financial liabilities included in other payables and accruals	51,088
Financial liabilities included in other non-current liabilities	187,999
Total	<u>1,036,898</u>

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 March 2026	As at 31 December 2025
	RMB'000	RMB'000
Financial assets:		
Non-current time deposits		
Carrying amount	373,739	371,754
Fair value	<u>384,202</u>	<u>373,851</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL
INSTRUMENTS—continued

	As at 31 March 2026 RMB'000 (Unaudited)	As at 31 December 2025 RMB'000
Financial liabilities:		
Non-current portion of interest-bearing bank borrowings		
Carrying amount	34,920	67,172
Fair value	<u>35,284</u>	<u>67,861</u>
Financial liabilities included in other non-current liabilities		
Carrying amount	189,307	187,999
Fair value	<u>189,453</u>	<u>188,150</u>

Management has assessed that the fair values of cash and cash equivalents, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, current portion of interest-bearing bank borrowings, and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation.

The fair values of the financial assets included in time deposits and the financial liabilities included in other non-current liabilities and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for non-current liabilities and interest-bearing bank borrowings as at 31 March 2026 and 31 December 2025 were assessed to be insignificant.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted investments designated at fair value through profit or loss have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each reporting period.

The Group invests in financial products, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL
INSTRUMENTS—continued

Below is a summary of significant unobservable input to the valuation of a financial instrument together with a quantitative sensitivity analysis as at 31 March 2026 and 31 December 2025:

Financial assets	Valuation technique	Significant unobservable input	Sensitivity of fair value to the input
-Unlisted equity investments	Net asset value of underlying investments	Net assets	5% increase/decrease in net assets would result in an increase/decrease in fair value by RMB5,659,000/RMB5,659,000 and RMB5,228,000/RMB5,228,000 as at 31 March 2026 and 31 December 2025
-Wealth management products	Discounted cash flow method	Interest rates	5% increase/decrease in interest rates would result in an increase/decrease in fair value by RMB216,000/RMB216,000 and RMB54,000/RMB54,000 as at 31 March 2026 and 31 December 2025

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 March 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Financial assets at fair value through profit or loss:				
Listed equity investments	8,290	—	—	8,290
Unlisted equity investments	—	—	113,173	113,173
Wealth management products	—	—	1,479,318	1,479,318
Trade and bills receivables at fair value through other comprehensive income	—	695	—	695
Total	<u>8,290</u>	<u>695</u>	<u>1,592,491</u>	<u>1,601,476</u>

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**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
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**36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL
INSTRUMENTS—continued**

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss:				
Listed equity investments	11,424	—	—	11,424
Unlisted equity investments	—	—	104,567	104,567
Wealth management products	—	—	1,340,087	1,340,087
Trade and bills receivables at fair value through other comprehensive income	—	260	—	260
Total	<u>11,424</u>	<u>260</u>	<u>1,444,654</u>	<u>1,456,338</u>

The movements in fair value measurements within Level 3 during the reporting period are as follows:

	As at 31 March 2026	As at 31 December 2025
	RMB'000 (Unaudited)	RMB'000
Financial assets at fair value through profit or loss		
At 1 January	1,444,654	1,464,592
Purchase	1,476,000	5,095,000
Fair value gains	15,223	29,829
Disposal	(1,343,386)	(5,144,767)
At 31 March/31 December	<u>1,592,491</u>	<u>1,444,654</u>

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Liabilities for which fair values are disclosed:

As at 31 March 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Non-current portion of interest-bearing bank borrowings . . .	—	35,284	—	35,284
Financial liabilities included in other non-current liabilities	—	189,453	—	189,453
Total	<u>—</u>	<u>224,737</u>	<u>—</u>	<u>224,737</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL
INSTRUMENTS—continued

As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Non-current portion of interest-bearing bank borrowings	—	67,861	—
Financial liabilities included in other non-current liabilities . . .	—	188,150	—
Total	—	256,011	—

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, and cash and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The cash flow interest rate risk and fair value interest rate risk that the Group exposed to are not significant.

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from export sales denominated in foreign currencies. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's subsidiaries.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange risk, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis point	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
31 March 2026 (unaudited)			
If the RMB weakens against the USD (unaudited)	5.00%	31,670	31,670
If the RMB strengthens against the USD (unaudited)	-5.00%	(31,670)	(31,670)
If the RMB weakens against the HKD (unaudited)	5.00%	987	987
If the RMB strengthens against the HKD (unaudited)	-5.00%	(987)	(987)
If the RMB weakens against the EUR (unaudited)	5.00%	238	238
If the RMB strengthens against the EUR (unaudited)	-5.00%	(238)	(238)
If the RMB weakens against the JPY (unaudited)	5.00%	96	96
If the RMB strengthens against the JPY (unaudited)	-5.00%	(96)	(96)
31 December 2025			
If the RMB weakens against the USD	5.00%	36,370	36,370
If the RMB strengthens against the USD	-5.00%	(36,370)	(36,370)
If the RMB weakens against the HKD	5.00%	1,280	1,280
If the RMB strengthens against the HKD	-5.00%	(1,280)	(1,280)
If the RMB weakens against the EUR	5.00%	52	52
If the RMB strengthens against the EUR	-5.00%	(52)	(52)
If the RMB weakens against the JPY	5.00%	81	81
If the RMB strengthens against the JPY	-5.00%	(81)	(81)

Credit risk

The carrying amounts of cash and cash equivalents, time deposits, trade and bills receivables, and other financial assets at amortized cost included in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group does not provide any guarantees which would expose the Group to credit risk.

Cash and cash equivalents, time deposits and restricted cash are primarily held with state-owned or listed banks and subject to the impairment requirements of IFRS 9, and the identified impairment loss was immaterial as at 31 March 2026 and 31 December 2025.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ("ECLs"), which uses a lifetime expected loss allowance for all trade and bills receivables. To measure the ECLs, trade and bills receivables have been grouped based on shared credit risk characteristics and aging. The Group has therefore concluded that the expected loss rates for trade and bills receivables are a reasonable approximation of the loss rates for the contract assets. The Group also made individual assessment on the recoverability of its trade and bills receivables for certain customers based on historical settlement records.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and period/year-end staging

The tables below show the credit quality and maximum exposure to credit risk based on Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period/year-end staging classification as at the end of each of the reporting period.

The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2026

	3-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash and cash equivalents	1,183,697	—	—	—	1,183,697
Time deposits	400,898	—	—	—	400,898
Restricted cash	44,820	—	—	—	44,820
Trade and bills receivables at amortized cost*	—	—	—	334,884	334,884
Trade and bills receivables at fair value through other comprehensive income	—	—	—	695	695
Financial assets included in prepayments, other receivables and other assets	—	—	—	—	—
-Normal**	10,495	—	—	—	10,495
-Doubtful**	—	—	—	—	—
Total	<u>1,639,910</u>	<u>—</u>	<u>—</u>	<u>335,579</u>	<u>1,975,489</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	1,181,028	—	—	—	1,181,028
Time deposits	453,564	—	—	—	453,564
Restricted cash	44,540	—	—	—	44,540
Trade and bills receivables at amortized cost*	—	—	—	373,407	373,407
Trade and bills receivables at fair value through other comprehensive income	—	—	—	260	260
Financial assets included in prepayments, other receivables and other assets	—	—	—	—	—
-Normal**	15,427	—	—	—	15,427
-Doubtful**	—	—	—	—	—
Total	<u>1,694,559</u>	<u>—</u>	<u>—</u>	<u>373,667</u>	<u>2,068,226</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION—continued

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 19 to the financial statements.

The Group had certain concentrations of credit risk as 7.74% and 32.53%, 7.17% and 30.68% of the Group's trade receivables were due from the Group's largest customer and five largest for customers, during the three months ended 31 March 2026 and year ended 31 December 2025, respectively.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure sufficient capital liquidity to meet its due debts without incurring unacceptable losses or causing damage to the Group's reputation. The Group regularly analyzes its liability structure and maturity dates to ensure the maintenance of ample liquidity. The Group's management monitors the utilization of bank borrowings and ensures compliance with borrowing agreements. At the same time, it maintains close cooperation with financial institutions to maintain sufficient credit lines and effectively prevent and to control liquidity risks.

The maturity profile of the Group's financial liabilities as at the end of each of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2026

	On demand for less than one year	One to five years	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Trade payables	416,482	—	416,482
Interest-bearing bank borrowings	510,813	35,276	546,089
Financial liabilities included in other payable and accruals	42,691	—	42,691
Lease liabilities	10,251	6,922	17,173
Other non-current liabilities	—	203,621	203,621
Total	<u>980,237</u>	<u>245,819</u>	<u>1,226,056</u>

As at 31 December 2025

	On demand for less than one year	One to five years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	400,910	—	400,910
Interest-bearing bank borrowings	337,319	67,847	405,166
Financial liabilities included in other payable and accruals	51,088	—	51,088
Lease liabilities	13,272	8,035	21,307
Other non-current liabilities	—	203,621	203,621
Total	<u>802,589</u>	<u>279,503</u>	<u>1,082,092</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL
INFORMATION—continued

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No change was made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using debt-to-asset ratio, which is total liabilities divided by total assets. The ratios as at 31 March 2026 and 31 December 2025 were as follows:

	As at 31 March 2026	As at 31 December 2025
	RMB'000 (Unaudited)	RMB'000
Total assets	7,187,023	6,954,150
Total liabilities	1,685,689	1,627,044
Debt-to-asset ratio	23%	23%

38. CONTINGENCIES

Guarantee

As at 31 March 2026 and 31 December 2025 no guarantee was provided by the Group to third parties.

As at 31 March 2026, the Company was involved as defendant in one outstanding contractual dispute litigation, with a claimed amount of RMB 44,000,000, along with overdue payment interest and other expenses. A court hearing was held on 5 February 2026. As at the date of approval of this report, the court had not yet rendered its first-instance judgment. The Company represented that the likelihood of an outflow of economic benefits arising from this matter is remote.

39. SUBSEQUENT FINANCIAL STATEMENT

No audited financial statements have been prepared by the Company, the Group or any of the companies comprising the Group in respect of any period subsequent to 31 March 2026.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's Reporting Accountants, as set out in Appendix I to this prospectus, and is included herein for information purpose 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 out in Appendix I to this prospectus.

A. ILLUSTRATION UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as of December 31, 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of December 31, 2025 or any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at December 31, 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at December 31, 2025	
	RMB'000 (note 1)	RMB'000 (note 2)	RMB'000	RMB (note 3)	HK\$ (note 4)
Based on an Offer Price of HK\$85.20 per Share	4,907,130	3,917,055	8,824,185	13.09	15.04

Notes:

1. The consolidated net tangible assets attributable to owners of the Company as at December 31, 2025 was equal to the consolidated net assets attributable to owners of the Company as at December 31, 2025 of RMB5,294,385,000 with adjustment for the goodwill of RMB301,277,000 and other intangible assets of RMB85,978,000 set out in the Accountants' Report in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on the offer price of HK\$85.20 per Share after deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period) and do not take into account any shares which may be issued upon exercise of the Over-allotment Option.
3. The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated after making the adjustments referred to in the preceding paragraphs and on the basis that 674,064,214 Shares are in issue assuming that the Global Offering had been completed on December 31, 2025, without taking into account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option.

4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in RMB are converted into HK\$ at an exchange rate of HK\$1.00 to RMB0.87048. 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 any other rates or at all.
5. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2025.
6. No other adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results of the Group from December 31, 2025 to the Latest Practicable Date and the increase in the Group's equity arising from the exercise of share options by employees to subscribe 951,610 Shares (the difference between the 675,015,824 shares used in deriving the market capitalization and 674,064,214 shares used in deriving the pro forma net tangible asset per share) after December 31, 2025. The exercise of share options did not have any P&L impact, as the Group had already fully recognized the share-based payment expenses over the vesting period in accordance with IFRS 2—Share-based Payment. Accordingly, no further expense was recognized upon exercise. The cash received for this exercise was RMB47,593,000. Had the exercise of the stock options been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share as at December 31, 2025 would have been HK\$15.10, respectively, on the basis that 54,001,200 Shares were in issue at indicative Offer Prices of HK\$85.20 per Offer Share, assuming that the exercise of share options and the Offering had been completed on December 31, 2025, without taking into account any shares which may be allotted and issued upon the exercise of the Over-allotment Option.
7. The Proposal of “2025 Annual Dividend Plan” was approved in the Annual General Meeting of shareholders. It was agreed that the Company will distribute cash dividends amounting to RMB124,101,000, based on the total share capital of 620,507,403 shares as of the date of issuance of the profit distribution plan. A cash dividend of RMB2.0 (tax inclusive) per 10 shares will be distributed to all shareholders. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect this subsequent event.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of SG Micro Corp

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SG Micro Corp (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at December 31, 2025, and related notes as set out on pages II-1 to II-2 of the prospectus dated 17 June 2026 (the “Prospectus”) issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at December 31, 2025 as if the transaction had taken place at December 31, 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended December 31, 2025, on which an accountants' report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited 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 Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited 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 Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial

information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited 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 Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Ernst & Young

Certified Public Accountants

Hong Kong

17 June 2026

TAXATION IN HONG KONG**Tax on Dividends**

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Taxes for Securities Holders

The income tax and the capital gains tax for holders of H Shares shall be subject to the laws and practices of PRC and the jurisdictions in which the holders of H Shares are residents or subject to taxes for other reasons. The following summary of relevant tax provisions is based on current laws and practices, and does not take into account anticipated changes in or amendments to the relevant laws and policies or constitute any opinions or suggestions. The discussion does not address all of the possible tax consequences associated with H-Shares, nor does it take into account the particular circumstances of any individual investor, some of which may be subject to special rules. Accordingly, you should consult your own tax adviser as to the tax implications of the H Shares. The discussion is based on the laws and the relevant interpretations in force as of the Latest Practicable Date. All the laws and relevant interpretations are subject to changes and may have retrospective effect.

The discussion does not address any PRC tax issues other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective investors should consult their tax advisers regarding the Chinese and other tax implications of holding and disposing of H-shares.

PRC Taxation**Taxation Regarding Dividends*****Individual Investors***

Pursuant to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》), as last amended by the Standing Committee of the National People's Congress ("NPCSC") on August 31, 2018 and effective on January 1, 2019 (the "Individual Income Tax Law"), and the Regulations for the Implementation of the Individual Income Tax Law of the People's

Republic of China, as last amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends distributed by PRC enterprises are subject to a flat tax rate of 20% for individual income tax. For foreign individuals who are not Chinese residents, if they receive dividends from Chinese enterprises, they are normally subject to 20% individual income tax, unless they obtain a special exemption from the tax authorities of the State Council or a reduction or exemption under the relevant tax treaties.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on August 21, 2006 (the “Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion”), the Chinese government may impose a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable. If a Hong Kong resident directly holds 25% or more of the equity in a PRC company, and such Hong Kong resident is the beneficial owner of the dividends and other conditions are satisfied, the relevant tariff shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol on the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the “Fifth Protocol”), which became effective on December 6, 2019, provides that such provisions shall not apply to any arrangements or transactions entered into with the primary purpose of obtaining such tax benefits.

Corporate Investors

According to the Enterprise Income Tax Law of the People’s Republic of China (《中華人民共和國企業所得稅法》) last amended by the NPCSC and effective on December 29, 2018 (the “Enterprise Income Tax Law”) and the Implementing Regulations of the Enterprise Income Tax Law of the People’s Republic of China last amended by the State Council on December 6, 2024 and effective on January 20, 2025, non-resident enterprises which do not have establishments or offices in China, or even if they have a branch or offices in China but their China-sourced income is not effectively connected with their establishments or offices, shall pay a 10% enterprise income tax on their China-sourced income (including income from dividends and bonus paid by Chinese resident enterprises whose shares are issued and listed in Hong Kong). The withholding tax may be waived under the applicable treaty to avoid double taxation. The income tax payable by a non-resident enterprise shall be withheld at source, and the payer shall be the withholding agent. The tax shall be withheld by the withholding agent from the amount paid to the non-resident enterprise on each payment or due payment.

Pursuant to the Notice of the State Administration of Taxation on Issues Relating to Withholding and Payment of Enterprise Income Tax on Dividends Distributed by Chinese Resident Enterprises to Overseas H-share Non-resident Enterprises Shareholders (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued and implemented by the State Administration of Taxation (the “SAT”) on November 6, 2008, when distributing dividends for the year 2008 and the subsequent years to overseas H-share non-resident enterprises shareholders, PRC resident enterprises shall be subject to a uniform 10% tax rate for withholding and paying enterprise income tax on behalf of their shareholders. According to the Official Reply of the State Administration of Taxation on Imposition of Enterprise Income Tax on B-share Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) (Guo Shui Han [2009] No. 394) issued and implemented by the SAT on July 24, 2009,

any Chinese resident enterprise that publicly lists on overseas stock exchange shall withhold and pay enterprise income tax at a uniform rate of 10% when distributing dividends for 2008 and subsequent years to non-resident enterprises shareholders. The above tax rates may be further changed in accordance with tax treaties or agreements entered into between the PRC and the relevant jurisdictions, as applicable.

Pursuant to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the Chinese government may impose a tax on dividends payable by a Chinese company to a Hong Kong resident (including the natural person and legal entity), but such tax rate shall not exceed 10% of the total dividends payable by the Chinese company. If the Hong Kong resident directly holds 25% or more of the equity in the Chinese company, the tax rate shall not exceed 5% of the total dividends payable. The Fifth Protocol provides that such provision shall not apply to any arrangement or transaction entered into with the primary purpose of obtaining such tax benefits.

Tax Treaties

Non-Chinese resident investors residing in countries that have entered into treaties with China for the avoidance of double taxation may be entitled to the relief from withholding tax on dividends received from Chinese companies. China has entered into arrangements on the avoidance of double taxation with a number of countries and regions, including but not limited to Hong Kong, Macao, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, and the United States. Non-Chinese resident enterprises entitled to preferential tax rates under the relevant income tax treaties or arrangements shall apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment shall be approved by the Chinese tax authorities.

Taxation Related to Share Transfer

Income tax

Individual Investors

Individual Chinese residents shall pay individual income tax at a rate of 20% on the income derived from the transfer of equity of Chinese resident enterprises in accordance with the Individual Income Tax Law and its implementation regulations. Pursuant to the Notice on the Continued Provisional Exemption of Individual Income Tax on Income from the Transfer of Stocks by Individuals (Cai Shui Zi [1998] No. 61) jointly issued and implemented by the Ministry of Finance (“MOF”) and the SAT on March 30, 1998, since January 1, 1997, the income from the transfer of shares in listed companies by individuals continues to be subject to temporary exemption of individual income tax. The SAT did not explicitly specify in the newly amended Enterprise Income Tax Law and Individual Income Tax Law of the PRC and their implementation regulations whether the individual income tax on gains from the transfer of shares held by a listed company shall continue to be exempted.

Corporate Investors

In accordance with the Enterprise Income Tax Law and its implementing regulations, non-PRC resident enterprises that have no establishments or offices in China, or that have establishments or offices but the incomes obtained by the enterprises have no actual connection with the establishments or offices, shall pay enterprise income tax in relation to their incomes generated in China (including gains from the sale of shares held by a PRC resident enterprise) at the tax rate of 10%. The income tax

payable by non-PRC resident enterprises shall be withheld at the source, with the payer as the withholding agent. The tax payable shall be withheld from each payment or amount due at the time of payment or when the payment becomes due. The withholding tax can be reduced or exempted pursuant to the applicable tax treaties or agreements.

Tax Policies of Shenzhen-Hong Kong Stock Connect

On November 5, 2016, the MOF, the SAT and the CSRC jointly issued the Notice on Tax Policy of the Pilot Program for the Shenzhen-Hong Kong Stock Connect Scheme (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Cai Shui [2016] No. 127). According to this document, income from transfer price differences and dividends and bonus income obtained by PRC corporate investors through the Shenzhen-Hong Kong Stock Connect when investing in stocks listed on the Hong Kong Stock Exchange shall be included in their total income, and shall be subject to enterprise income tax in accordance with the law. Specifically, gains from dividends and bonus derived by a Chinese resident enterprise for holding H shares for at least 12 consecutive months will be exempted from enterprise income tax in accordance with the law. H-share companies are not required to withhold and pay taxes on dividends and bonus income paid to Chinese corporate investors on their behalf. The taxes payable shall be declared and paid by the relevant corporate.

For dividends received by PRC individual investors investing in H-shares listed on the Hong Kong Stock Exchange through the Shenzhen-Hong Kong Stock Connect, the H-share company shall apply to China Securities Depository & Clearing Corporation Limited (“CSDC”), which shall provide the H-share company with the roster of PRC individual investors, and then the H-share company shall withhold and pay the individual income tax according to the tax rate of 20% on their behalf. Individual investors who have paid withholding tax outside China may apply to the competent tax authority of CSDC for a tax credit by presenting valid tax reduction certificates. Dividends and bonus income derived from shares listed on the Hong Kong Stock Exchange that are invested in through the Shenzhen-Hong Kong Stock Connect by Chinese securities investment funds shall be subject to individual income tax in accordance with the aforementioned regulations.

Stamp Duty

According to the Stamp Tax Law of the People’s Republic of China (《中華人民共和國印花稅法》) promulgated on June 10, 2021 and effective as of July 1, 2022, disposal of H shares outside China by non-PRC investors will not be subject to the Stamp Tax Law of the People’s Republic of China.

Estate Duty

As of the Latest Practicable Date, no estate duty has been introduced in the PRC.

Major Taxes of the Company in China

Enterprise Income Tax

According to the Enterprise Income Tax Law and its implementation regulations, enterprises established within China, or those established outside China but with their place of effective management within China, are deemed “resident enterprises”. Resident enterprises shall pay enterprise income tax on their income derived both within and outside China. A “non-resident enterprise” refers

to an enterprise established under the laws of a foreign country (or region) with its place of effective management outside China, but which either has an establishment or place of business within China, or does not have an establishment or place of business within China but derives income from sources within China. The enterprise income tax rate is 25%. High-tech enterprises that require key support from the state shall be subject to a reduced enterprise income tax rate of 15%.

According to the Announcement on Policies of Enterprise Income Tax for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) (Announcement No. 45 of 2020 by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, and the Ministry of Industry and Information Technology) issued by the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, and the Ministry of Industry and Information Technology on December 11, 2020 and implemented on January 1, 2020, key integrated circuit design enterprises and software enterprises encouraged by the state shall be exempt from enterprise income tax for the first five years starting from the year they become profitable, and shall be subject to a reduced enterprise income tax rate of 10% for subsequent years.

Value-Added Tax

Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on Adjusting Value-Added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》), which was jointly issued by the Ministry of Finance and the State Taxation Administration on April 4, 2018 and effective as of May 1, 2018, for taxpayers engaged in VAT-taxable transactions or importing goods that were previously subject to 17% or 11% tax rates, the applicable rates have been adjusted to 16% and 10% respectively.

Pursuant to the Announcement on Policies Concerning the Deepening of Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) jointly issued by the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs on March 20, 2019 and effective as of April 1, 2019, for general VAT taxpayers engaged in VAT-taxable transactions or importing goods that were previously subject to 16% or 10% tax rates, the applicable rates have been 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》) promulgated by the Standing Committee of the National People's Congress on December 25, 2024, and effective as of January 1, 2026 (the "Interim Regulations on Value-Added Tax of the People's Republic of China" were repealed simultaneously), entities and individuals (including individual industrial and commercial households) engaged in the sale of goods, services, intangible assets, and real estate within China, as well as the importation of goods, shall be taxpayers of value-added tax and shall pay value-added tax in accordance with the provisions of this Law. Taxpayers selling goods, providing processing, repair, and maintenance services, leasing tangible movable property, as well as importing goods, shall be subject to a 13% tax rate, except where otherwise specified. In certain specific circumstances, the tax rate may be 9%, 6%, or 0%.

Foreign Exchange Administration

Renminbi ("RMB"), the legal tender of China, is subject to foreign exchange administration and cannot be freely convertible into foreign currencies. The State Administration of Foreign

Exchange, authorized by the People's Bank of China, is responsible for the administration of all matters related to foreign exchange, including the implementation of applicable foreign exchange administration regulations.

According to the Regulations of the People's Republic of China on Foreign Exchange Administration (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, and last amended and implemented on August 5, 2008, domestic institutions and individuals making direct investments abroad or engaging in the issuance and trading of overseas securities and derivative products shall register in accordance with the provisions of the foreign exchange administrative department of the State Council.

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming and Regulating the Administrative Policies over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) issued and implemented by the SAFE on June 9, 2016, the relevant policies have made it clear that domestic institutions may settle their foreign exchange incomes under the capital account (including foreign exchange capital, foreign debt funds and funds transferred from overseas listing) based on discretionary settlement according to the actual business operation needs of domestic institutions. Where existing regulations impose restrictive provisions on the conversion of foreign exchange income under the capital account by domestic institutions, such provisions shall prevail.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020 and implemented effective on June 1, 2020, enterprises meeting the prescribed requirements are allowed to use income under the capital accounts such as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials case by case in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the in-force administrative provisions on the use of income under the capital accounts.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》) issued by the SAFE on December 4, 2023, foreign exchange funds raised by domestic enterprises through overseas listings may be directly remitted into capital account settlement accounts. Funds held in such accounts may be freely converted and utilized.

According to the Notice of the State Administration of Foreign Exchange on Issuing the Guidelines for Foreign Exchange Operations under the Capital Account (2024 Edition) (《國家外匯管理局關於印發〈資本項目外匯業務指引(2024年版)〉的通知》) (Hui Fa [2024] No. 12), promulgated by the State Administration of Foreign Exchange on April 3, 2024 and implemented on May 6, 2024, for domestic companies listed overseas, the raised funds shall in principle be repatriated to China in a timely manner in either Renminbi or foreign currency. The use of such funds shall be consistent with the content of the public disclosure documents such as this Document, corporate bonds issuance documents, circulars to shareholders and resolutions of board of directors and shareholders' meetings. Domestic companies utilizing funds raised overseas for overseas direct investment, overseas securities investment, or cross-border lending must comply with the relevant foreign exchange regulations.

This appendix summarizes certain aspects of PRC laws and regulations relevant to the Company's operations and business. The PRC tax laws and regulations are discussed separately in Appendix III—"Taxation and Foreign Exchange" to this Document. The primary purpose of this appendix is to provide prospective investors with an overview of the principal legal and regulatory provisions that are applicable to the Company. This appendix is not intended to contain all information that may be important to prospective investors. For the discussion of the laws and regulations that are relevant to the business of the Company, please refer to the "Regulatory Overview" for details.

PRC Laws and Regulations

PRC Legal System

The PRC legal system is based on the Constitution of the People's Republic of China (《中華人民共和國憲法》) (the "Constitution"), which was enacted by the National People's Congress on December 4, 1982, and last amended and implemented on March 11, 2018, and is made up of written laws, administrative regulations, local regulations, separate regulations, departmental regulations of the State Council, local government regulations, autonomous regulations, separate regulations of the autonomous region, laws of special administrative regions, and international treaties to which the Chinese Government is a signatory and other regulatory documents. Court decisions do not constitute binding precedents, but can be used as judicial reference and guidance.

Pursuant to the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》) (promulgated by the National People's Congress on March 15, 2000, and became effective on July 1, 2000, and most recently amended and implemented on March 15, 2023) (the "Legislation Law"), the National People's Congress and its Standing Committee exercise the legislative power of the state. The National People's Congress has the power to enact and amend criminal, civil, and other fundamental laws. The NPCSC is empowered to enact and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments shall not be in conflict with the basic principles of such laws.

The State Council is the highest state administrative authority and has the authority to enact administrative regulations in accordance with the Constitution and laws. On the premise of not conflicting with the Constitution, laws, or administrative regulations, the people's congresses and their standing committees of provinces, autonomous regions, and municipalities directly under the central government may enact local regulations based on the specific conditions and practical needs of their respective administrative regions; the people's congresses and their standing committees of the cities divided into districts may, in light of the specific local conditions and actual needs, enact local regulations regarding urban and rural development and management, ecological civilization construction, historical and cultural protection, grassroots governance and other matters. Where there are other legal provisions on the enactment of local regulations by cities divided into districts, such provisions shall prevail. The people's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, the People's Bank of China, and other institutions prescribed by law may formulate rules within their respective authorities in accordance

with laws and the administrative regulations, decisions, and orders of the State Council. The people's governments of provinces, autonomous regions, municipalities directly under the central government, cities divided into districts and autonomous regions may formulate rules in accordance with laws, administrative regulations, and the relevant local regulations of the province, autonomous region, or municipality directly under the central government.

According to the Resolution of the Standing Committee of the National People's Congress on Strengthening Legal Interpretation Work (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》), promulgated and implemented by the NPCSC on June 10, 1981, any provisions in laws or decrees requiring further clarification of boundaries or supplementary regulations shall be interpreted by the Standing Committee of the National People's Congress or stipulated by decrees. The Supreme People's Court shall interpret all the issues concerning the specific application of laws in the judicial work of the courts. The Supreme People's Procuratorate shall interpret all the issues concerning the specific application of laws in the procuratorial work of the procuratorate. Matters concerning the application of other laws and decrees not pertaining to judicial or prosecutorial work shall be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and department rules which they have promulgated. At the local level, the authority to interpret local laws and regulations rests with the local legislative and administrative bodies that enact such laws and regulations.

PRC Judicial System

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》) (promulgated by the Standing Committee of the National People's Congress on September 21, 1954, and most recently amended and implemented on January 1, 2019), and the Organic Law of the People's Procuratorates of the People's Republic of China (《中華人民共和國人民檢察院組織法》) (promulgated by the Standing Committee of the National People's Congress on September 21, 1954, and most recently amended on October 26, 2018 and implemented on January 1, 2019), the People's Courts of China are divided into the Supreme People's Court, local people's courts at various levels, and other specialized people's courts. Local people's courts are divided into three tiers: basic-level people's courts, intermediate people's courts, and higher people's courts. Basic-level people's courts may establish several people's tribunals based on regional, population, and case circumstances. The Supreme People's Court is the highest judicial organ, responsible for supervising the judicial proceedings of local people's courts at all levels and specialized people's courts. Higher-level people's courts supervise the judicial proceedings of lower-level people's courts. The People's Procuratorates of China are divided into the Supreme People's Procuratorate, local people's procuratorates at various levels, and specialized people's procuratorates such as military procuratorates. The Supreme People's Procuratorate is the highest procuratorial organ, responsible for directing the work of local people's procuratorates at all levels and specialized people's procuratorates. Higher-level people's procuratorates direct the work of lower-level people's procuratorates.

The People's Courts adopt the two-tier trial system, which means that the judgment or ruling of the People's Court of second instance is final. The People's Procuratorate may file a protest with the higher-level People's Court according to law. If the parties concerned have not filed any appeals and the People's Procuratorate has not filed any protest within the stipulated period of time, the judgment or ruling of the people's court shall be final. Second-instance judgments or rulings rendered by the

Intermediate People's Court, the Higher People's Court and the Supreme People's Court are final. The first instance judgment or ruling of the Supreme People's Court is also final. However, if the Supreme People's Court or a higher-level people's court discovers that a final and binding judgment or ruling of a lower-level people's court that has already taken legal effect is indeed erroneous, or if the presiding judge of a people's court at any level believes that such a final and binding judgment or ruling is indeed erroneous, it may be retried through judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》) (the "Civil Procedure Law"), promulgated by the Standing Committee of the National People's Congress on March 8, 1982, and most recently amended on September 1, 2023 and implemented on January 1, 2024, stipulates the provisions concerning the initiation of civil litigation, the jurisdiction of people's courts, the procedures to be followed in civil litigation, and the enforcement procedures for civil judgments or rulings. Civil cases are generally heard by the local court in the province or municipality where the defendant resides. The court with jurisdiction over civil litigation may be explicitly agreed upon by the parties, but the court must be located in a place with a real connection to the dispute, such as the domicile of the plaintiff or defendant, the place of contract performance or execution, or the location of the subject matter of the litigation.

Foreign nationals and foreign enterprises shall have the same rights and obligations in litigation as Chinese citizens and legal persons. Where the judicial system of a foreign court imposes restrictions on the civil litigation rights of Chinese citizens and enterprises, Chinese courts shall apply the principle of reciprocity to the civil litigation rights of citizens and enterprises of that country within Chinese territory. Foreigners, stateless persons, foreign-invested enterprises or foreign organizations filing a lawsuit or making a defense at a people's court that are required to engage a lawyer to participate in proceedings shall engage a Chinese lawyer. Where a request by a foreign court for assistance is prejudicial to the sovereignty, security or public interest of China, the people's court shall refuse the request.

Civil judgments and rulings that have the force of law must be fulfilled by the parties concerned. Where one party refuses to comply with the ruling or judgment, the other party may apply to the People's Court for enforcement. There are time limits of two years imposed on the right to apply for such enforcement. The termination or suspension of the limitation period for applying for enforcement of a judgment shall be governed by the provisions concerning the termination or suspension of the limitation period for litigation.

Where a party applies for the enforcement of a legally binding judgment or ruling issued by a People's Court, and the person subject to enforcement or their property under the judgment are not located within the territory of China, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement. Where the People's Court, upon examination, finds that the judgment or ruling neither violates the fundamental legal principles of Chinese law nor harms the sovereignty, security, or public interests of the state, it shall rule to recognize its validity.

The Company Law, Trial Measures and Guidelines for the Articles of Association

A joint stock company incorporated in the PRC and seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations in the PRC:

The Company Law of the People's Republic of China (《中華人民共和國公司法》) ("the Company Law"), promulgated by the Standing Committee of the National People's Congress on

December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023. The newly amended Company Law was implemented on July 1, 2024.

The Trial Measures (《試行辦法》) and five supporting guidelines, which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, applicable to direct or indirect offshore share offering and listing of domestic companies.

Pursuant to the Trial Measures and its supporting guidelines, a domestic company that directly issues shares for listing overseas shall formulate its articles of association in accordance with the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidelines for the Articles of Association”), which shall replace the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, which were no longer applicable as of March 31, 2023. The Guidelines for the Articles of Association were promulgated by the CSRC on December 16, 1997 and last revised on March 28, 2025.

The summary of the main clauses of the Company Law, the Trial Measures and the Guidelines for the Articles of Association that are applicable to the Company is set out below.

General Provisions

A joint stock company is an enterprise legal person incorporated in accordance with the Company Law, whose registered capital is divided into shares of equal par value. Shareholders are liable to the company only to the extent of their shareholdings, while the company is liable for its debts only to the extent of its entire assets.

A joint-stock company must comply with laws and administrative regulations when conducting business operations. A company may invest in other companies with limited liabilities and companies limited by shares and shall be liable only to the extent of the investment contribution to those companies. Where laws stipulate that a company shall not be a contributor liable for the debts of its invested enterprises on a joint and several basis, such provisions shall prevail.

Incorporation

A joint stock company may be incorporated by way of promotion or fund-raising. A joint-stock company may be incorporated by a minimum of one and a maximum of 200 promoters, at least half of whom must have their domicile in Chinese Mainland.

The subscription promoters of a joint-stock company shall convene the inaugural meeting within 30 days after the capital is fully paid up, and shall notify all subscribers of the meeting date or publish an announcement to that effect at least 15 days prior to the meeting. The inaugural meeting may only be convened if subscribers holding at least 50% of the voting rights are present. The procedures for convening and voting at the inaugural meeting of a joint-stock limited company founded by means of promotion shall be stipulated in the agreement among the promoters.

Within 30 days after the conclusion of the inaugural meeting, the Board of Directors shall apply to the registration authority for registration of the establishment of the joint stock company. Upon issuance of the business license by the relevant registration authority, the company is formally established and acquires legal person status.

Registered Shares

According to the Company Law, shareholders may make capital contributions in cash, or in kind, or with intellectual property rights, land use rights, equity or creditors' rights, and other non-monetary property that can be valued in money and can be transferred in accordance with the law.

According to the Trial Measures, domestic enterprises listing overseas may raise funds and distribute dividends in foreign currency or RMB.

Pursuant to the Company Law, a joint stock company shall maintain a register of shareholders detailing the following information: (1) the name or designation and domicile of each shareholder; (2) the class and number of shares subscribed by each shareholder; (3) the serial number of the shares (if issued in paper form); and (4) the date on which each shareholder acquired the shares.

Allocation and Issuance of Shares

A joint stock company shall issue shares under the principles of fairness and equality. Each share of the same class shall have equal rights. Shares of the same class issued at the same time shall be issued under the same condition and at the same price. The issue price of shares may be equal to, or exceed, the par value, but shall not be less than the par value.

Domestic enterprises issuing shares and listing overseas shall file with the CSRC in accordance with the Trial Measures, submitting materials such as filing reports and legal opinions, and providing true, accurate, and complete information regarding shareholders and other relevant circumstances.

Increase of Share Capital

According to the Company Law, if a joint stock company issues new shares, the general meeting shall pass a resolution on the class and amount of new shares, the issue price of the new shares, the starting and ending dates of the issuance of the new shares and the class and amount of new shares to be issued to existing shareholders. A company issuing shares to the public shall register with the securities regulatory authority of the State Council and publish the relevant documents. Upon full payment of the subscription price for shares issued by the company, a corresponding announcement must be published.

Reduction of Share Capital

A company shall reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

- (1) the company shall prepare a balance sheet and a list of property;
- (2) a resolution to reduce the registered capital shall be adopted by the general meeting;
- (3) the company shall inform its creditors within 10 days from the date on which the resolution to reduce the registered capital is adopted and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days.

- (4) the creditors, within 30 days of receipt of the relevant notice, or within 45 days of the announcement for those who have not received the relevant notice, shall have the right to require the company to repay its debts in full or to provide corresponding security for such debts; and
- (5) the company shall apply for registration of changes with the company registration authority.

When a company reduces its registered capital, it shall reduce the amount of capital contribution or shares accordingly based on the proportion of capital contributions or shares held by shareholders, unless otherwise provided by law or its Articles of Association.

Repurchase of Shares

Pursuant to the provisions of the Company Law, a company shall not acquire its own shares, except in any of the following circumstances:

- (1) to reduce the registered capital of the company;
- (2) to merge with another company holding the company's shares;
- (3) to use the shares for employee stock ownership plan or share incentive plan;
- (4) request by any shareholder of the company to acquire their shares due to their objection to the general meeting resolution on the merger or division of the company;
- (5) to use the shares for the conversion of corporate bonds issued by the company that are convertible into shares; and
- (6) necessary for the listed company to safeguard the value of the company and shareholders' rights and interests.

The company's acquisition of its own shares under the circumstances stipulated in items (1) or (2) above shall be resolved by the general meeting; the acquisition of the company's shares by the company under the circumstances stipulated in items (3), (4) or (5) above may be resolved by the Board meeting attended by at least two-thirds of the Directors in accordance with the Articles of Association or the authorization of the general meeting.

After the company acquires its own shares in accordance with the above provisions, in the case of item (1), the shares shall be canceled within 10 days from the date of acquisition; in the case of items (2) or (4), the shares shall be transferred or canceled within 6 months; in the case of items (3), (5) or (6), the company shall not hold its own shares in the aggregate in a number that exceeds 10% of the total number of the issued shares of the company, and shall transfer or cancel such shares within 3 years.

Transfer of Shares

Shares held by shareholders are legally transferable. Pursuant to the Company Law, transfer of shares by shareholders of a joint stock company shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. If the laws, administrative regulations or the securities regulatory authorities under the State Council provide otherwise for the registration of changes in the register of shareholders of a listed company, the relevant provisions shall apply.

Pursuant to the Company Law, shares that have been issued before the public offering shall not be transferred for a period of one year commencing from the date on which the company's shares are listed and traded on a stock exchange. The directors and senior management shall declare to the company the shares they hold and any changes therein. The shares transferred each year during the term of office determined when they take up their posts shall not exceed 25% of the total shares they hold in the company. The shares of the company held by directors and senior officers shall not be transferred within 1 year as of the listing date of the shares of the company, and the above-mentioned persons are not allowed to transfer their shares in the company within six months after their departure.

If the shares are pledged within the period of restriction on transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right within such period.

Shareholders

According to the Company Law and the Guidelines for the Articles of Association, the rights of shareholders include:

- (1) to receive dividends and other distributions of interests in proportion to the number of shares held;
- (2) to request to hold, convene, preside over a general meeting, attend the general meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;
- (3) to supervise the operation of the company and to make suggestions or inquiries;
- (4) to transfer, donate or pledge the shares held by them in accordance with laws, administrative regulations and the Articles of Association;
- (5) to inspect and copy the Articles of Association, register of shareholders, minutes of general meetings, resolutions of meetings of the board of directors, financial and accounting reports, and eligible shareholders may inspect the company's accounting books and accounting vouchers;
- (6) to participate in the distribution of the remaining property of the company according to the proportion of shares they hold when the company is terminated or liquidated;
- (7) to request the company to purchase shares held by shareholders who raise objection to the resolution on the merger or division of the company as adopted by the general meeting;
- (8) other rights stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

The obligations of shareholders include abiding by the Articles of Association, paying the share capital for the shares they have subscribed for, being liable to the company to the extent of the shares they have purchased, and fulfilling other obligations of shareholders as stipulated in the Articles of Association.

General Meeting

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the Company Law. The general meeting may exercise the following powers:

- (1) to elect and replace Directors and decide matters relating to the remuneration of Directors;
- (2) to examine and approve reports of the Board;
- (3) to examine and approve the company's profit distribution plan and loss recovery plan;
- (4) to resolve on the increase or reduction of the company's registered capital;
- (5) to resolve on the issuance of corporate bonds;
- (6) to resolve on the merger, division, dissolution, liquidation of the company or change of company form;
- (7) to amend the Articles of Association;
- (8) other powers as stipulated by the Articles of Association.

The general meeting can authorize the board of directors to make resolutions on the issuance of corporate bonds.

Pursuant to the Company Law and the Guidelines for the Articles of Association, general meetings are classified into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once a year, and shall be held within six months after the prior fiscal year ends.

In the event of any of the following circumstances, the company shall convene an extraordinary general meeting within two months from the date of occurrence of the fact:

- (1) the number of directors is less than two-thirds of the number prescribed in the Company Law or the Articles of Association;
- (2) the company's losses which are not covered amount to one-third of the total share capital;
- (3) shareholders holding individually or collectively at least 10% of the company's shares (including preferred shares with restored voting rights, etc.) make a request;
- (4) the board of directors considers it necessary;
- (5) the audit committee proposes to convene the meeting;
- (6) other circumstances set out in the relevant laws, administrative regulations, department rules or the Articles of Association.

According to the Company Law and the Guidelines for the Articles of Association, a general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board. Where the chairman is unable to or does not perform his duties, the meeting shall be presided over by the vice-chairman. Where the vice chairman is unable to or does not perform his duties, the meeting shall be presided over by one director jointly appointed by a majority of all the directors. If the board of directors is unable or fails to convene the general meeting, the audit committee shall convene and preside over the meeting in a timely manner. If the audit committee does not convene and preside over the meeting, the shareholders who individually or together hold at least 10% of the shares for

at least 90 consecutive days may convene and preside over the meeting by themselves. In the event that shareholders who individually or collectively hold at least 10% of the company's shares request to convene an extraordinary general meeting, the Board of Directors or the audit committee shall make a decision on whether or not to convene an extraordinary general meeting within 10 days from the date of receipt of the request, and shall reply to the shareholders in writing.

Pursuant to the Company Law and the Guidelines for the Articles of Association, a general meeting shall be convened by notifying the shareholders of the time and place of the meeting and the matters to be considered 20 days prior to the meeting, and an extraordinary general meeting shall be convened by notifying the shareholders 15 days prior to the meeting. The shareholders holding at least 1% of the shares of the company individually or collectively may raise a provisional proposal and submit it to the Board in writing 10 days before the general meeting is held. The Board shall notify the shareholders within 2 days after the receipt of the proposal and submit the provisional proposal to the general meeting for deliberation, except that the provisional proposal is in violation of the provisions of the laws, administrative regulations or the Articles of Association of the company or does not fall within the terms of reference of the general meeting. The company shall not increase the percentage of shares held by a shareholder required to make a provisional proposal. The company that makes a public offering of its shares shall give the notice stipulated in the preceding paragraph by means of a public announcement. The general meeting shall not make resolutions on matters not specified in the notice.

According to the Company Law, each share held by shareholders attending a general meeting shall carry one voting right, except for shareholders holding other classes of shares. The company's own shares held by the company shall not have the voting right.

Pursuant to the provisions of the Articles of Association or a resolution of the general meeting, the accumulative voting system may be adopted for the election of Directors at the general meeting. Under the accumulative voting system, in the election of Directors at the general meeting, each share shall be entitled to vote equivalent to the number of Directors to be elected at the general meetings and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the Company Law, resolutions adopted by the general meeting shall be passed by a majority of the voting rights held by shareholders present at the meeting. However, resolutions concerning amendments to the Articles of Association, increases or decreases in registered capital, as well as resolutions on company's mergers, divisions, dissolution, or changes in corporate form shall be passed by a majority of two-thirds or more of the voting rights held by shareholders present at the meeting.

The general meeting shall prepare minutes regarding the decisions on matters considered at the meeting, which shall be signed by the chairman of the meeting and directors attending the meeting. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

Board of Directors

A joint stock company shall have a board of directors. However, a joint-stock company that is relatively small in scale or has a limited number of shareholders may choose not to establish a board of directors. Instead, it may appoint a single director to exercise the powers and duties of the board of directors as stipulated in the Company Law. Where the board of directors of a company consists of

three or more members, its membership may include the employee representatives. The employee representatives in the board shall be democratically elected by the workers and staff members of the company through the congresses or assemblies of the staff and workers or other forms.

The term of office of the directors is stipulated by the Articles of Association, but shall not exceed 3 years. A director may continue to serve his post if he is re-elected upon the expiration of his term. Where a new elect is not yet available upon expiration of a director's term, or the number of the directors on the board is less than the quorum due to the resignation of a director within his term, such director, before the newly-elected director takes his office, shall continue the performance of his duties in accordance with laws, administrative regulations and the Articles of Association. A director who resigns shall notify the company in writing, and the resignation shall take effect on the date the company receives the notice. However, where the circumstances specified in the preceding paragraph exist, the director shall continue to perform his duties.

Pursuant to the Company Law, the Board of Directors may exercise the following powers:

- (1) to convene the general meeting and report to the general meeting on its work;
- (2) to implement the resolutions of the general meeting;
- (3) to decide on the company's operating plan and investment plan;
- (4) to formulate the profit distribution plan and loss recovery plan of the company;
- (5) to formulate the plan for the company's increase or reduction of registered capital and the issuance of corporate bonds;
- (6) to formulate the plan for the company's merger, division, dissolution or change of the company form;
- (7) to decide on the establishment of the internal management organization of the company;
- (8) to decide on the appointment or dismissal of the manager of the company and his remuneration, and decide on the appointment or dismissal of the deputy manager and the chief financial officer of the company based on the nomination of the manager and their remunerations;
- (9) to formulate the basic management system of the company; and
- (10) other powers as stipulated in the Articles of Association or as conferred by the general meeting.

Limitations on the powers of the board of directors in the Articles of Association shall not be imposed against a bona fide counterparty.

Under the Company Law, a company may establish an audit committee composed of directors within its board of directors in accordance with the provisions of its Articles of Association to exercise the powers of the supervisory committee. The company may choose not to establish a supervisory committee or appoint supervisors. The company may establish other committees within the board of directors in accordance with the provisions of the Articles of Association.

The board of directors shall hold meetings at least twice a year, and notice shall be given to all directors and members of the audit committee 10 days in advance. Shareholders holding at least one-tenth of the voting rights, at least one-third of directors, or the audit committee may propose to convene an extraordinary meeting of the board of directors. The chairman of the Board shall convene and preside over a Board meeting within 10 days after receiving the proposal. Where an extraordinary meeting of the Board of Directors is to be held, the method and time limit for notification for convening the extraordinary meeting may be prescribed separately.

A board meeting shall not be held unless more than half of the directors are present. A resolution made by the Board shall be approved by more than half of all the Directors. In the voting process, one director shall represent one vote. The board of directors shall prepare minutes regarding the decisions on matters considered at the meeting, which shall be signed by the directors attending the meeting.

Directors shall attend the Board meeting in person. If a director is unable to attend the meeting for some reason, he may entrust another director in writing to attend the meeting on his behalf, provided that the power of attorney shall specify the scope of authorization. Directors shall be liable for the resolutions of the Board.

In accordance with the Company Law, none of the following persons may serve as a director of a company:

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who was sentenced for corruption, bribery, embezzlement, misappropriation, or disruption of socialist market economic order, or who was deprived of his political rights due to a criminal offense, and not more than five years has elapsed since the completion of the sentence, or where a suspension of sentence is granted, not more than two years has elapsed since the expiry date of the suspension period;
- (3) a person who acted as a director, or factory director or manager of a bankrupt or liquidated company or enterprise and bore personal liability for the bankruptcy or liquidation of such company or enterprise, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (4) a person who was the legal representative of a company or enterprise which had its business license revoked and had been ordered to shut down due to violation of the laws and who was personally liable, where three years have not lapsed following the date of the revocation of business license or the date of order for shutdown; and
- (5) a person who has been listed as a dishonest person subject to enforcement by the people's court because he incurred debts of a large amount that have not been settled by the due date.

Elections, delegation or appointments of Directors who fall into any of the above circumstances shall be invalid. In the event that the circumstances as stipulated above arise during the term of office of any director, the company shall dismiss the relevant director.

In addition, the Guidelines for the Articles of Association further stipulate other circumstances under which individuals may not serve as directors of a company, including: (1) persons subject to a securities market ban imposed by the CSRC whose ban period has not yet expired; or (2) persons prohibited from serving as directors under other laws, administrative regulations, or departmental rules.

According to the Company Law, the board of directors shall have one chairman and may have a vice-chairman. The chairman and the vice chairman shall be elected by a majority of all the Directors. The chairman shall convene and preside over Board meetings and examine the implementation of Board resolutions. The vice chairman shall assist the chairman in his duties.

Audit Committee

Pursuant to the Company Law, where a joint stock company does not establish a supervisory committee, the audit committee shall consist of three or more members. A majority of its members shall not hold any position in the company other than that of director, and shall not have any relationship with the company that may affect their independent and objective judgment.

Employee representatives on the board of directors may serve as members of the audit committee. Resolutions of the Audit Committee shall be adopted by a majority vote of all members. Voting on resolutions of the Audit Committee shall be conducted on a one-person-one-vote basis. Except as otherwise provided for in the Company Law, the rules of deliberation and voting procedures of the Audit Committee shall be stipulated by the Articles of Association.

Manager and Senior Officers

In accordance with the Company Law, a company shall have a manager, who shall be appointed or dismissed by the board of directors. The manager shall be accountable to the Board and exercise his powers in accordance with the provisions of the Articles of Association or as delegated by the Board. The manager may attend board meetings but does not have voting rights.

In accordance with the Company Law, senior officers shall refer to the manager, deputy manager, chief financial officer, the secretary of the board of directors of a listed company and any other personnel specified in the Articles of Association.

Duties of Directors, General Managers, and Other Senior Officers

Directors and senior officers shall comply with laws, administrative regulations, and the Articles of Association.

Directors and senior officers have a duty of loyalty to the company; they shall take measures to avoid conflicts between their own interests and the interests of the company, and they shall not make use of their powers to gain undue benefits. Directors and senior officers have a duty of diligence to the company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the company.

If the controlling shareholders or actual controllers do not serve as directors of the company but actually execute the affairs of the company, the provisions of the preceding paragraph shall apply.

If a director or senior officer causes detriment to the company while performing his duties in violation of laws, administrative regulations or the Articles of Association, he shall be liable for the loss so caused.

Directors or senior officers shall attend general meetings and respond to shareholders' inquiries.

In the event of a violation of laws, administrative regulations or the provisions under the Articles of Association by a director or senior officer in performing his duties resulting in loss to the company, the shareholders that solely or collectively hold 1% or more shares of the company for a continuous period of 180 days have the right to make a written request to the Audit Committee to file a litigation with a people's court. Upon receipt of the written request made by the shareholders as stipulated in the preceding paragraph, in case the Audit Committee or the Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days from receipt of such request, or under urgent circumstances that failure in filing a lawsuit immediately will have the company suffer from irreparable damages, the aforesaid shareholders shall have the right to file a lawsuit to a people's court directly in their own name for protection of the company's interests. In the event that any other person infringes upon the legal rights and interests of the company and causes losses thereto, the aforesaid shareholders may file a lawsuit to a people's court in accordance with the provisions of the preceding paragraph. In the event of violation of laws, administrative regulations or provisions under the Articles of Association by Directors or senior officers in performing their duties resulting in damage to the shareholders' interest, the shareholders may file a litigation with a people's court.

If the directors or senior officers of a wholly-owned subsidiary of the company violate laws, administrative regulations, or the Articles of Association in performing their duties and cause losses to the company, or if others infringe upon the legitimate rights and interests of the wholly-owned subsidiary of the company and cause losses, shareholders of the limited liability company or shareholders of the joint stock company who have held, individually or jointly, at least 1% of the company's shares for 180 or more consecutive days may submit a written request to the audit committee or the board of directors of the wholly-owned subsidiary to file a lawsuit with the people's court or to file a lawsuit directly with the people's court in their own name.

Finance, Accounting and Profit Distribution

According to the Company Law, the company shall, in accordance with the provisions of laws, administrative regulations and rules of the financial department under the State Council, establish its financial and accounting systems.

When the company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory surplus reserve. However, no further allocation is required if the aggregate amount of the statutory surplus reserve exceeds 50% of the registered capital of the company. If the company's statutory surplus reserve is not sufficient to cover the company's losses in the previous year, such losses shall first be covered with the profit of the current year before any allocation is made to the statutory surplus reserve. After the company has allocated the statutory surplus reserve from its after-tax profits, it may, upon a resolution made by the general meeting, allocate a discretionary surplus reserve from its after-tax profits. After the company has made up for its losses and set aside its reserves, the balance of the after-tax profits shall be distributed to the shareholders in proportion to their respective capital contributions, unless the Articles of Association provide otherwise. The company's own shares held by the company shall not be entitled to any distribution of profit.

If the company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the company. If any loss is caused to the company, the shareholders and the responsible directors and senior officers shall be liable for compensation.

If the general meeting resolves to distribute profits, the board of directors shall do so within six months from the date of the general meeting resolution. The reserves of the company shall be used to cover the company's losses, expand its production and operation or to increase its registered capital. To make up for the company's losses, the company shall first use the discretionary surplus reserve and statutory surplus reserve; if they are insufficient, the capital reserve can be used in accordance with the regulations. Where the statutory surplus reserve is converted to increase the registered capital of the company, the remainder of the statutory surplus reserve shall not be less than 25% of the registered capital of the company before the conversion is conducted.

The company shall not establish separate accounting books other than the statutory ones. The company's funds shall not be deposited in any accounts opened in the name of any individual.

After the company reduces its registered capital in accordance with the provisions of the Company Law, it may not distribute profits until the accumulated amount of the statutory surplus reserve and discretionary surplus reserve reaches 50% of its registered capital.

Engagement and Dismissal of Accounting Firms

Pursuant to the Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by the general meeting, the Board or the Audit Committee in accordance with the Articles of Association. The accounting firm should be allowed to make representations when the general meeting, board of directors or audit committee conducts a vote on the dismissal of the accounting firm. The company shall provide to the accounting firm appointed true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials, and shall not refuse to provide, hide or falsely report such materials.

Amendment to the Articles of Association

Pursuant to the Company Law, a resolution to amend the Articles of Association at a general meeting of the company shall be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. According to the Guidelines for the Articles of Association, where any amendment to the Articles of Association resolved by the general meeting is subject to examination and approval by the competent authority, such amendment shall be submitted to the competent authority for approval; where matters concerning company registration are involved, registration of the changes shall be processed in accordance with the law. Where amendments to the Articles of Association constitute information required to be disclosed under laws and regulations, they shall be announced in accordance with the relevant provisions.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved if:

- (1) the business term as specified in the Articles of Association expires or any other dissolution event occurs as specified in the Articles of Association;
- (2) the general meeting resolves to dissolve the company;
- (3) the company is required to be dissolved due to merger or division of the company;
- (4) the business license of the company is revoked, or the company is ordered to be closed or canceled in accordance with law; or
- (5) shareholders holding at least 10% of the voting rights of the company request the people's court to dissolve the company, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the company would bring significant losses to the interests of shareholders.

If the company has the reasons for dissolution specified in the above paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the company is in the situations of the above item (1) or (2) and has not yet distributed its property to its shareholders, it may survive by amending the Articles of Association or by a resolution of the general meeting.

Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by at least two-thirds of the voting rights held by the shareholders attending the general meeting.

If the company is dissolved under item (1), (2), (4) or (5) above, it shall be liquidated. The directors shall be the liquidation obligors of the company, and shall form a liquidation committee to liquidate the company within 15 days from the date of occurrence of any event leading to dissolution. The liquidation committee shall be composed of the directors, except as otherwise provided in the Articles of Association or as otherwise elected by the resolution of the general meeting.

Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the company or the creditors, they shall be liable for compensation.

The liquidation committee shall exercise the following powers during liquidation:

- (1) to liquidate the company's assets, and prepare a balance sheet and a schedule of assets, respectively;
- (2) to notify creditors by notice or announcement;
- (3) to deal with and liquidate any outstanding business of the company;
- (4) to pay all outstanding taxes as well as taxes arising during the liquidation process;
- (5) to clear the claims and debts;

(6) to distribute the company's remaining assets after paying off all debts; and

(7) to participate in civil litigation on behalf of the company.

The liquidation committee shall, within 10 days of its establishment, notify the company's creditors, and make an announcement on the newspapers or the National Enterprise Credit Information Publicity System within 60 days.

The creditors shall, within 30 days of the receipt of the notice, or within 45 days following the announcement if the creditors have not received such notice, declare their claims to the liquidation committee.

When declaring the claims, the creditors shall specify the relevant matters about the claims and provide evidences. The liquidation committee shall register the claims. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After the liquidation committee has thoroughly examined the company's assets and prepared a balance sheet and schedule of assets, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation. The remaining property of the company after paying the liquidation expenses, wages owed to employees, social security fees and statutory compensation, outstanding taxes and debts of the company shall be distributed in proportion to the shares held by shareholders. During the liquidation period, the company still exists but shall not carry out any business activities not related to liquidation. The property of the company shall not be distributed to its shareholders before it has made the payments as specified in the provisions of the preceding paragraph.

Where the liquidation committee discovers upon examination of the company's assets and preparation of the balance sheet and schedule of assets that the company's assets are insufficient to repay its debts, an application shall be made to the People's Court for bankruptcy liquidation. After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

The liquidation committee members shall perform the duties of liquidation and bear the obligations of loyalty and diligence. Where a member of the liquidation committee causes losses to the company due to his/her failure in performing the liquidation duties, he/she shall be liable for compensation; where losses are caused to the creditors due to intent or gross negligence, he/she shall be liable for compensation.

After the liquidation of a company is completed, the liquidation committee shall prepare a liquidation report and submit the report to the general meeting or the people's court for confirmation, and shall submit it to the company registration authority to apply for cancellation of the registration of the company.

If the company has not incurred any debts during its existence or has paid off all its debts, it may, upon the commitment of all the shareholders, be deregistered through simple procedures in accordance with relevant regulations. If the company is deregistered through simple procedures, it shall be announced through the national enterprise credit information publicity system, and the announcement period shall not be less than 20 days. If there is no objection upon the expiration of the

period of announcement, the Company may apply to the company registration authority for cancellation of the company registration within 20 days.

Where the company is deregistered through simple procedures and the shareholders make an untruthful commitment, they shall bear joint and several liability for the debts incurred before the cancellation of registration.

Where the company is revoked of its business license, ordered to close down or canceled, and fails to apply to the company registration authority for cancellation of company registration within three years, the company registration authority may make a public announcement through the national enterprise credit information publicity system, and the announcement period shall not be less than 60 days. If there is no objection upon the expiration of the announcement period, the company registration authority may cancel the registration of the company. Where the registration of the company is canceled in accordance with the provisions of the preceding paragraph, the liability of the original shareholders and liquidation obligors of the company shall not be affected.

Overseas Listing

According to the Trial Measures, the securities refer to shares, depository receipts, corporate bonds convertible into shares or other securities of equity nature issued and listed directly or indirectly outside China by domestic enterprises. Direct Overseas Issuance and Listing of domestic enterprises refers to the overseas issuance and listing by joint stock companies registered and established in China. Indirect Overseas Issuance and Listing of domestic enterprises refers to the overseas issuance and listing by enterprises that conduct principal business activities in China, in the name of enterprises registered overseas, based on the equity, assets, income or other similar interests of the domestic enterprises.

The Trial Measures also stipulate the conditions for overseas issuance and listing. Under any of the following circumstances, overseas issuance and listing are not allowed:

- (1) Laws, administrative regulations, or relevant national provisions expressly prohibit listing and raising capital;
- (2) Overseas Issuance and Listing may endanger national security, as reviewed and determined by the relevant competent departments under the State Council according to law;
- (3) The domestic enterprise or its controlling shareholder or actual controller(s) have committed a crime of corruption, bribery, embezzlement or misappropriation of property or disrupting the order of the socialist market economy within the last three years;
- (4) The domestic enterprise is under investigation for suspected crimes or major violations of laws or regulations, and there is no clear conclusion;
- (5) There is a major dispute over the ownership of the equity held by the controlling shareholder(s) or the shareholder(s) controlled by the controlling shareholder(s) or the actual controller(s).

In addition, according to the Trial Measures, when Chinese domestic enterprises apply to the competent overseas regulatory authorities or overseas stock exchanges for an initial public offering, the issuer must file with the CSRC within three working days after submitting the application.

The issuer shall report the following major events that occur after overseas issuance and listing to the CSRC within 3 working days from the date of the occurrence and announcement of the relevant events:

- (1) change of control;
- (2) being investigated or punished by overseas securities regulatory authorities or the relevant competent authorities;
- (3) change of listing status or the board of listing;
- (4) voluntary or forced termination of the listing.

According to the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) promulgated by the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration on February 24, 2023, and effective as of March 31, 2023, where a domestic enterprise provides or publicly discloses documents and materials involving State secrets or work secrets of State organs to relevant securities firms, securities service institutions, overseas regulatory authorities, or other entities and individuals, the enterprise in question shall report to the competent authorities with the power of examination and approval for approval according to law, and file with the confidentiality administrative authorities at the same level. Working papers generated within China by securities companies and securities service providers that provide corresponding services for domestic enterprises issuing securities and listing overseas shall be stored within China. Cross-border transfers must undergo approval procedures in accordance with relevant national regulations.

Loss of Share Certificates

If the registered share certificate is stolen, lost or destroyed, the shareholder may request the people's court to declare the share certificate invalid in accordance with the public notice procedure as stipulated in the Civil Procedure Law. After the people's court has declared the share certificate invalid, the shareholder may apply to the company for a replacement of the share certificate.

Merger and Division

According to the Company Law, in the case of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a schedule of assets. The company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the merger has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the company to pay off its debts in full or to provide a corresponding guarantee.

When companies merge, the claims and debts of all the parties to the merger shall be succeeded to by the company that continues to exist after the merger or by the newly established company. In the case of division of a company, its property shall be divided accordingly, and a balance sheet and a schedule of assets shall be prepared. The company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System

within 30 days after the resolution approving the division has been adopted. Debts owed by the company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the agreement entered into between creditors and the company for debt service prior to the division.

Securities Laws, Regulations, and Regulatory Framework of China

A series of regulations relating to the issuance and trading of shares and information disclosure have been enacted in China. In October 1992, the State Council set up the Securities Committee of the State Council and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in the PRC and administering the CSRC. The CSRC serves as the regulatory enforcement body of the Securities Committee. It is responsible for drafting securities market regulations, supervising securities firms, regulating public offerings of Chinese companies' securities domestically or overseas, standardizing securities trading, collecting securities-related statistical data, and conducting relevant research and analysis. In April 1998, the State Council consolidated the two departments and reorganized the CSRC.

The State Council promulgated and implemented the Interim Regulations on the Administration of Stock Issuance and Trading(《股票發行與交易管理暫行條例》) on April 22, 1993. These regulations stipulate the procedures for applying for and obtaining approval for public offerings of stocks, the issuance and trading of stocks, the acquisition of listed companies, the custody, settlement, and transfer of stocks, the disclosure of information by listed companies, investigations, penalties, and dispute resolution.

The Securities Law was promulgated by the Standing Committee of the National People's Congress on December 29, 1998, and came into effect on July 1, 1999. It was subsequently amended on August 28, 2004; October 27, 2005; June 29, 2013; August 31, 2014; and December 28, 2019. The newly amended Securities Law was implemented on March 1, 2020. The Securities Law is China's first securities law, implementing centralized and unified supervision and management over securities market activities in China. The Securities Law consists of 14 chapters and 226 articles, covering securities issuance, securities trading, acquisitions of listed companies, stock exchanges, securities firms, securities registration and settlement institutions, and the responsibilities of securities regulatory authorities. Article 224 of the Securities Law provides that domestic enterprises that directly or indirectly issue securities overseas or list and trade their securities overseas shall comply with the relevant provisions of the State Council. At present, the issuance and trading of overseas issued securities (including shares) are mainly regulated by rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitration Awards

The Arbitration Law of the People's Republic of China (the "Arbitration Law") was promulgated by the Standing Committee of the National People's Congress on August 31, 1994, and came into effect on September 1, 1995. It was subsequently amended on August 27, 2009, September 1, 2017, and September 12, 2025. The newly amended Arbitration Law will be implemented on March 1, 2026. The Arbitration Law applies to foreign economic disputes where the parties have entered into a written agreement to submit the matter to arbitration before an arbitration

commission constituted in accordance with the Arbitration Law. Before the China Arbitration Association formulates its arbitration rules, the Arbitration Commission may formulate provisional rules for arbitration in accordance with the relevant provisions of the Arbitration Law and the Civil Procedure Law. If the parties choose to resolve disputes through arbitration, and either party files a lawsuit with the court, the court will not accept it.

According to the Arbitration Law, the arbitration award shall be final and binding on the parties to the arbitration. The parties shall comply with the arbitration award. Where one party fails to comply with an arbitration award, the other party may apply to the people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law. The People's Court may refuse to enforce an arbitration award made by an arbitration commission if it involves procedural irregularities (including irregularities in the composition of the arbitration commission or the award ruling on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a legally binding arbitration award rendered by a foreign-related arbitration commission is sought to be enforced by the parties, and the person subject to enforcement or its property is not within the territory of China, the parties shall apply directly to the competent foreign court for recognition and enforcement.

Pursuant to the Arrangement of the Supreme People's Court Concerning Reciprocal Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region(《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000, which came into effect on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court Concerning Reciprocal Enforcement of Arbitral Awards between the Chinese Mainland and the Hong Kong Special Administrative Region(《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated on November 26, 2020 and coming into force on November 27, 2020, awards made by arbitral institutions in Chinese Mainland are enforceable in Hong Kong and Hong Kong arbitral awards are enforceable in Chinese Mainland.

Pursuant to the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region(《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民商案件判決的安排》), promulgated by the Supreme People's Court on January 25, 2024, and effective as of January 29, 2024, except for judgments in civil and commercial cases that are not applicable under Article 3 of the Arrangement, judgments that may be recognized and enforced in both places are those rendered in the Mainland and Hong Kong on or after January 29, 2024. The judgment content subject to mutual recognition and enforcement includes monetary and non-monetary awards.

This appendix contains a summary of the principal provisions of the Articles of Association that will apply following the issuance and listing. This Appendix is mainly designed to provide prospective investors with an overview of the Articles of Association of the Company, therefore, it may not contain all the information that is important to prospective investors.

Issuance of Shares

The Shares of the Company shall be issued based on the principle of openness, fairness and impartiality, and shall rank pari passu in all respects with the Shares of the same class. Shares of the same class issued at the same time shall be issued under the same condition and at the same price; the same price shall be paid for each share subscribed for by any entities or individuals.

Share Increase, Decrease, Repurchase and Transfer**Increase and Decrease of Shares**

In accordance with laws and regulations, the Company may, based on its operating and development needs and the resolution of the general meeting, increase its capital through the following methods:

- (I) issuing Shares to non-specific investors;
- (II) issuing Shares to specific investors;
- (III) distributing bonus Shares to its existing Shareholders;
- (IV) converting capital reserve into share capital;
- (V) other methods prescribed by laws, administrative regulations, and the securities regulatory authorities of the place where the Company's Shares are listed.

The Company may decrease its registered capital. The Company may decrease its registered capital in accordance with the procedures prescribed in the Company Law, other relevant regulations, and its Articles of Association.

Repurchase of Shares

The Company shall not acquire its own Shares, except in any of the following circumstances:

- (I) to reduce the registered capital of the Company;
- (II) to merge with other companies that hold the Shares of the Company;
- (III) to use the Shares for Employee Stock Ownership Plan or as equity incentive;
- (IV) to request the Company to acquire their Shares held by the Shareholders who raise objection to the resolution on the merger or division of the Company as adopted by the general meeting;
- (V) to use the Shares to satisfy the conversion of corporate bonds which are convertible into Shares issued by the listed company;
- (VI) to safeguard the value of the Company and Shareholders' equity as the listed company deems necessary.

Where the Company acquires its own Shares, a public and centralized trading method or other methods recognized by laws, administrative regulations and the securities regulatory authorities at the

place where the Company's Shares are listed shall be adopted. If the Company acquires its own Shares due to circumstances described in Item (III), (V) or (VI) above, such acquisition shall be conducted through public centralized trading.

Where the Company acquires its own Shares under the circumstances set out in preceding item (I) or (II), it shall be resolved at the general meeting. Where the Company acquires its own Shares under the circumstances set out in preceding item (III), (V) or (VI) in the Articles of Association, it shall be resolved at a board meeting attended by at least two-thirds of the Directors, subject to the securities regulatory rules of the place where the Company's Shares are listed. Following the acquisition of its own Shares, the Company shall fulfill its information disclosure obligations in accordance with the Securities Law and the regulations stipulated by the securities regulatory authorities and stock exchanges where the Company's Shares are listed. After the Company acquires its own Shares in accordance with the above provisions, if it falls under the circumstances of Item (I), such Shares shall be canceled within 10 days from the date of acquisition; if it falls under the circumstances of Item (II) or (IV), such Shares shall be transferred or canceled within 6 months; if it falls under the circumstances of Item (III), (V) or (VI), the total number of its own Shares held by the Company shall not exceed 10% of the Company's total Shares issued. In addition, such Shares shall be transferred or canceled within 3 years.

Transfer of Shares

Shares issued by the Company prior to its public offering of A-Shares shall not be transferred within one year from the date of listing and trading of the Company's Shares on the Shenzhen Stock Exchange.

Directors and senior officers of the Company shall declare to the Company the number of the Company's Shares held by them and the changes therein, and shall not transfer more than 25% of the total number of the Company's Shares held by them in each year of their term of office as determined at the time of their assumption of office; and the above-mentioned persons are not allowed to transfer their Shares in the Company within six months from the date of submission of their resignation. If any of the aforementioned individuals submit their resignation within 6 months (including the sixth month) from the date of the Company's initial public offering and listing, they shall not transfer any Shares of the Company held directly by them for a period of 18 months from the date of submission of their resignation; if they submit their resignation within 7 to 12 months (including the 7th month and the 12th month) from the date of the Company's initial public offering and listing, they shall not transfer any Shares of the Company held directly by them for a period of 12 months from the date of submission of their resignation; if they submit their resignation 1 year after the date of the Company's initial public offering and listing, they shall not transfer their Shares in the Company within six months from the date of submission of their resignation. Where changes occur in the direct shareholdings of the aforementioned individuals due to equity distributions or similar actions by the Company, the aforementioned provisions shall still apply.

Where the securities regulatory rules of the place where the Company's Shares are listed stipulate otherwise on transfer of Shares of the Company, such provisions shall prevail.

If a Shareholder holding at least 5% of the Company's Shares (excluding Hong Kong Securities Clearing Company Limited and HKSCC Nominees Limited), director or senior officer sells the Company's Shares or other securities of an equity nature held by them within six months from the date of purchase, or buys again within six months from the date of sale, the proceeds therefrom shall

belong to the Company, and the Board of Directors of the Company shall reclaim the proceeds therefrom. However, securities companies holding at least 5% of the Shares due to the purchase of the remaining Shares after underwriting, and other circumstances stipulated by the CSRC are excluded.

Shares or other securities with the nature of equity held by the Directors, senior officers and natural person Shareholders as mentioned in the preceding paragraph include Shares or other securities with the nature of equity held by their spouses, parents or children, and held by using others' accounts.

If the Board of Directors of the Company fails to execute in accordance with the provisions of paragraph 1 of this article, Shareholders shall have the right to request the Board to do so within 30 days. If the Board of Directors fails to act within the aforementioned time frame, Shareholders shall have the right to directly file a lawsuit with the People's Court in their own name for the benefit of the Company.

If the Board of Directors fails to execute in accordance with the provisions of paragraph 1 of this article, the responsible Directors shall be jointly and severally liable in accordance with law.

Shareholders and General Meetings

Shareholders

The Company shall make a register of Shareholders based on the vouchers provided by the securities registration and settlement institution. The register of Shareholders shall be the sufficient evidence proving the Shareholders' holding of the Company's Shares. The Shareholders shall enjoy the rights and assume the obligations according to the class of Shares they hold. The Shareholders holding the same class of Shares shall enjoy the same rights and assume the same obligations.

The Shareholders of the Company shall be entitled to the following rights:

- (I) to receive dividends and other distributions in proportion to the number of Shares held by them;
- (II) to request to hold, convene, preside over a general meeting, attend the general meeting in person or by proxy, and exercise the corresponding voting rights in accordance with the laws;
- (III) to supervise the operation of the Company and to make suggestions or inquiries;
- (IV) to transfer, bestow or pledge the Shares they hold according to laws, administrative regulations and the Articles of Association;
- (V) to inspect and copy the Articles of Association, register of Shareholders, minutes of general meetings, resolutions of meetings of the Board of Directors, financial and accounting reports, and eligible Shareholders may inspect the Company's accounting books and accounting vouchers;
- (VI) to participate in the distribution of the remaining property of the Company according to the proportion of Shares they hold when the Company is terminated or liquidated;
- (VII) to request the Company to purchase Shares held by Shareholders who raise objection to the resolution on the merger or division of the Company as adopted by the general meeting;

- (VIII) other rights conferred by the laws, administrative regulations, departmental rules, security regulation rules of the place where the Company's Shares are listed and the Articles of Association.

Shareholders requesting access to or copying of relevant materials of the Company shall comply with the provisions of the Company Law, the Securities Law and other laws and administrative regulations.

Shareholders of the Company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to make payment in accordance with the Shares subscribed for and the method of subscription;
- (III) not to withdraw the share capital except as provided under laws and regulations;
- (IV) not to abuse the Shareholder's rights to damage the interests of the Company or other Shareholders; not to abuse the independent legal person status of the Company and the limited liability of the Shareholders to damage the interests of the creditors of the Company;

If any Shareholder of the Company abuses the Shareholder's rights and causes losses to the Company or other Shareholders, he/she shall be liable for the compensation.

Where any Shareholder of the Company abuses the independent legal person status of the Company and the limited liability of Shareholders to evade debts and severely damages the interests of the creditors of the Company, such Shareholder shall bear joint and several liability for the debts of the Company.

- (V) other obligations required by the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association.

General Provisions on the General Meeting

The general meeting of the Company shall be composed of all the Shareholders. The general meeting shall be the organ of authority of the Company and shall exercise the following powers according to law:

- (I) to elect and replace the Directors who are not the representatives of the staff and workers, and determine the remuneration of the Directors;
- (II) to examine and approve reports of the Board;
- (III) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (IV) to make resolutions on the increase or reduction of the Company's registered capital;
- (V) to make resolutions on the issuance of bonds of the Company;
- (VI) to make resolutions on the merger, division, dissolution, liquidation of the Company or change in the organizational form of the Company;
- (VII) to amend the Articles of Association;

- (VIII) to make resolutions on the engagement or removal of accounting firm that undertakes the audit business of the Company and determine its remuneration;
- (IX) to examine and approve the transactions specified in the Articles of Association;
- (X) to examine and approve the guarantees specified in the Articles of Association;
- (XI) to review and approve connected transactions between the Company and related persons with a transaction amount of more than RMB30 million and accounting for at least 5% of the absolute value of the Company's audited net assets for the latest period (except for the provision of guarantees);
- (XII) to examine the Company's purchase or disposal of major assets with an amount exceeding 30% of the total assets as presented in the latest audited total assets of the Company within one year;
- (XIII) to examine and approve matters concerning changes in the use of proceeds;
- (XIV) to examine the equity incentive scheme and Employee Stock Ownership Plan;
- (XV) to examine other matters that shall be decided by the general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The general meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

Unless otherwise provided by laws, administrative regulations, the regulations of the securities regulatory authorities or the securities regulatory rules of the place where the Company's Shares are listed, the aforesaid powers of the general meeting shall not be exercised by the Board of Directors or any other body or individual by way of authorization.

General meetings are categorized into annual general meetings and extraordinary general meetings. The annual general meeting, which shall be held once a year, shall be held within six months after the end of the preceding fiscal year.

In the event of any of the following circumstances, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of the fact:

- (I) the number of Directors is less than the number specified in the Company Law or two-thirds of the number required by the Articles of Association;
- (II) the Company's losses which are not covered amount to one-third of the total share capital;
- (III) a request is made by Shareholders individually or collectively holding at least 10% of the Company's Shares;
- (IV) the Board considers it necessary;
- (V) the Audit Committee proposes to convene the meeting;
- (VI) other circumstances required by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

Convening of General Meeting

The independent Directors are authorized to propose to the Board of Directors to convene an extraordinary general meeting with the approval of a majority of all independent Directors. In response to a proposal from an independent director requesting the convening of an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the board resolution is made.

The Audit Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall make such proposal in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the decision is made. Any changes made to the original request in the notice shall be agreed by the Audit Committee. If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within 10 days after receiving the proposal, it is deemed that the Board of Directors is unable to fulfill or does not fulfill its duty to convene the general meeting, and the Audit Committee may convene and preside over the meeting on its own.

The Shareholders who individually or collectively hold at least 10% of the Shares of the Company shall have the right to request the Board to convene an extraordinary general meeting, and shall make such request to the Board in writing. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days after the board resolution is made. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.

If the Board of Directors disapproves to convene an extraordinary general meeting, or fails to provide feedback within 10 days upon the receipt of such proposal, the Shareholders holding at least 10% of the Company's Shares, individually or collectively, have the right to propose to the Audit Committee to convene an extraordinary general meeting, and such proposal shall be presented to the Audit Committee in writing.

Where the Audit Committee agrees to convene the extraordinary general meeting, it shall issue a notice of the general meeting within 5 days upon receipt of such proposal. Any changes made to the original request in the notice shall be agreed by the relevant Shareholders.

If the Audit Committee fails to give notice of a general meeting within the prescribed period, it shall be deemed that the Audit Committee does not convene and preside over the general meeting, and the Shareholders who have individually or collectively held at least 10% of the Company's Shares

for at least 90 consecutive days may convene and preside over the meeting on their own. Before the announcement of the resolution of the general meeting, the shareholding ratio of convening Shareholders shall be not less than 10%.

Proposals and Notices of General Meetings

When the Company holds a general meeting, the Board of Directors, the Audit Committee, and Shareholders who individually or collectively hold at least 1% of the Company's Shares have the right to submit proposals to the Company.

Shareholders who individually or collectively hold at least 1% of the Company's Shares may propose a provisional proposal and submit it in writing to the convener 10 days prior to the general meeting. The convener shall issue a supplementary notice of the general meeting within 2 days after the receipt of the proposal, announcing the contents of the provisional proposal and submitting the provisional proposal to the general meeting for deliberation, except that the provisional proposal is in violation of the provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association or does not fall within the terms of reference of the general meeting.

Save as specified above, the convener shall neither revise the proposals set out in the notice of general meetings nor add new proposals after issuing the notice of general meeting.

The general meeting shall not vote or pass resolutions on proposals not listed in the notice of the general meeting or resolutions not in conformity with the Articles of Association.

The convener shall notify Shareholders by way of announcement 21 days prior to the Annual General Meeting and 15 days prior to the Extraordinary General Meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held, but shall include the date on which the notice is given.

The notice of the general meeting shall include the following particulars:

- (I) the time, venue and duration of the meeting;
- (II) the matters and proposals to be considered at the meeting;
- (III) clear words specifying that all Shareholders of ordinary shares shall have the right to attend the general meeting, and that they may appoint a proxy in writing to attend the meeting and vote on their behalf. The proxy is not necessarily a Shareholder of the Company;
- (IV) the record date for Shareholders who are entitled to attend the general meeting;
- (V) the name and telephone number of the regular contact person for the meeting;
- (VI) the voting time and voting procedures of the meeting for the online voting or other means of voting.

After the notice of the general meeting is given, without good reason, the general meeting shall not be postponed or canceled, and the proposals set out in the notice shall not be canceled. In the event of a delay or cancellation, the convener shall give a notice and explanations at least 2 working days before the scheduled meeting date.

Holding of General Meeting

All Shareholders of ordinary shares recorded in the register as at the record date or their proxies shall have the right to attend the general meeting, and to speak at the general meeting and exercise their voting rights in accordance with relevant laws, regulations, securities regulatory rules of the place where the Company's Shares are listed, and the Articles of Association.

The Shareholders may attend the general meeting and vote in person, or entrust one or more proxies to attend on their behalf and exercise the voting rights within the scope of authorization. The proxy needs not be a Shareholder of the Company.

If the general meeting requests the Directors and senior officers to attend the meeting, the Directors and senior officers shall attend the meeting and be questioned by the Shareholders.

The general meeting shall be presided over by the chairman of the board. If the chairman of the Board of Directors is unable or fails to perform his duties, the vice chairman shall act in his stead. When both the chairman and vice chairman are unable or fail to perform their duties, one director jointly elected by a majority of the Directors shall preside.

A general meeting convened by the Audit Committee shall be chaired by the convener of the Audit Committee. In the event that the convener of the Audit Committee is unable or fails to perform his duties, a member of the Audit Committee jointly elected by a majority of the members of the Audit Committee shall preside.

A general meeting convened by the Shareholders themselves shall be presided over by the convener or their elected representative.

During the course of a general meeting, if the meeting presider violates the procedural rules such that the general meeting cannot continue, the general meeting may elect a person to act as the meeting presider and continue the meeting with the consent of the majority of the Shareholders entitled to vote present at the general meeting.

The Company shall formulate rules of procedure for the general meeting, stipulating in detail the convening and voting procedures of the meeting, including notification, consideration of proposals, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and their signatures, announcements, etc., as well as the principle of authorization by the general meeting to the Board. The content of the authorization shall be clear and specific. The rules of procedure for the general meeting, which shall be drawn up by the Board and approved by the general meeting, shall be annexed to the Articles of Association.

Voting and Resolutions of General Meetings

The resolutions of general meetings are classified into ordinary ones and special ones.

Ordinary resolutions of the general meeting shall be adopted by more than half of the voting rights held by the Shareholders (including their proxies) present at the meeting.

Special resolutions of the general meeting shall be adopted by at least two-thirds of the voting rights held by the Shareholders (including their proxies) present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

- (I) work report of the Board of Directors;
- (II) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (III) appointment and removal of Directors, and determination of the remuneration of the Directors and method of payment;
- (IV) Other matters other than those which should be decided by special resolution as provided by law, administrative regulation, securities regulatory rules where the Company's Shares are listed or the Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

- (I) amendment of the Articles of Association and its appendices (including the Rules of Procedure for General Meetings and the Rules of Procedure for Board Meetings);
- (II) increase or reduction of the Company's registered capital;
- (III) separation, division, merger, dissolution and liquidation of the Company;
- (IV) spinning off subsidiaries for listing;
- (V) the purchases or sales of material assets by the Company or the guarantee amount provided to others exceeding 30% of the latest audited total assets of the Company within one year;
- (VI) issuance of share, convertible corporate bonds, preferred shares, and other types of securities approved by the CSRC;
- (VII) repurchase of shares to reduce the registered capital;
- (VIII) restructuring of major assets;
- (IX) the equity incentive scheme;
- (X) the general meeting resolves to voluntarily withdraw the Company's Shares from listing and trading on the Shenzhen Stock Exchange, and decides to cease trading on the exchange or instead apply for trading or transfer on other trading venues;
- (XI) other matters required to be approved by special resolutions under the laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association, and matters which, according to an ordinary resolution of the general meeting, may have a significant impact on the Company and shall be adopted by way of a special resolution.

Shareholders (including proxies) shall exercise their voting rights by the number of Shares with voting rights they represent, and each Share shall have one vote.

When material issues affecting the interests of minority Shareholders are considered at the general meeting, the votes of minority Shareholders shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The Company's Shares held by itself have no voting right, and such Shares shall not be included in the total number of shares with voting rights present at the general meeting.

Where a Shareholder's purchase of the Company's Shares with voting rights violates the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the voting rights of the Shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such Shares shall not be included in the total number of Shares with voting rights of the Shareholders attending the general meeting.

If in accordance with the applicable laws and regulations and the Hong Kong Listing Rules, any Shareholder is required to abstain from voting or is restricted to voting for (or against) any individual resolution, any vote by the shareholder or his/her proxies in contravention thereof shall not be counted into the total number of Shares with voting rights.

The Board, independent Directors, and Shareholders holding at least 1% of the voting Shares or the investor protection agency established in accordance with laws, administrative regulations or provisions of the securities regulatory agency under the State Council can publicly solicit the voting rights from the Shareholders. When soliciting voting rights from Shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. It is prohibited to solicit Shareholders' voting rights through paid or disguised paid means. Except for the statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of Shareholders' voting rights.

Directors and Board of Directors

Directors

The Directors of the Company include executive Directors, non-executive Directors, and independent Directors (i.e., independent non-executive Directors). A non-executive Director refers to a director who does not hold an operation management position within the Company.

Directors shall be elected or replaced by the general meeting and may be removed from office by the general meeting before the expiration of their term of office. The term of office for Directors is three years. Upon expiration of their term, they may be re-elected for consecutive terms in accordance with the securities regulatory rules of the place where the Company's Shares are listed.

The term of office of a Director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors. If the term of office of a Director expires but re-election is not made responsively, the said director shall continue fulfilling the duties as a Director pursuant to relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association until the newly elected director takes office.

A Director may be the general manager or other senior officer concurrently, provided that the total number of Directors who concurrently serve as the general manager or other senior officers and Directors who are employee representatives shall not exceed half of the total number of Directors of the Company.

Directors shall comply with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and have a duty of loyalty to the Company; they shall take measures to avoid conflicts between their own interests and the interests of the Company, and they shall not make use of their powers to gain undue benefits.

Directors shall comply with the provisions of laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and the Articles of Association, and shall have a duty of diligence to the Company, and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.

Independent Directors

The Company has independent Directors. An independent non-executive Director is a Director who does not hold any position in the Company other than as a Director, and who does not have any direct or indirect interest in the Company, its major Shareholders, or its actual controllers, or any other relationship that may affect his/her ability to make independent and objective judgments. In addition, independent Directors shall also meet the relevant requirements for "independent non-executive directors" as stipulated in the Hong Kong Listing Rules.

The proportion of independent Directors on the board of directors shall not be less than one-third. At least one independent Director shall possess appropriate professional qualifications as specified by the securities regulatory rules of the place where the Company's Shares are listed, or be an accounting professional with appropriate accounting or related financial management expertise.

Board of Directors

The Board of Directors of the Company consists of seven Directors, including three independent Directors. The Board of Directors shall have one chairman and one vice chairman, both elected by a majority vote of all Directors on the Board.

The Board shall exercise the following powers:

- (I) to convene a general meeting and report to the general meeting on the work of the Board;
- (II) to implement resolutions adopted by the general meeting;
- (III) to decide on the Company's business plan and investment program;
- (IV) to formulate the profit distribution plan and loss recovery plan of the Company;
- (V) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (VI) to formulate plans for substantial acquisition, repurchase of Shares, or merger, division, dissolution and change of corporate form of the Company;
- (VII) to determine the outbound investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, external donations of the Company within the authority granted by the general meeting;
- (VIII) to decide on the establishment of the internal management organization of the Company;
- (IX) to appoint or dismiss the general manager, secretary to the Board and other senior officers of the Company, and decide on matters of their remuneration, rewards and punishments; to appoint or dismiss senior officers such as deputy general manager and CFO according to the nomination of the general manager, and decide on matters of their remuneration, rewards and punishments;

- (X) to formulate the basic management system of the Company;
- (XI) to formulate the proposals for any amendment to the Articles of Association;
- (XII) to manage the information disclosure of the Company;
- (XIII) to request the general meeting to engage or replace the accounting firm that provides audit service for the Company;
- (XIV) to debrief the work report of the general manager of the Company and check the works of the general manager;
- (XV) to resolve matters concerning the acquisition of the Company's Shares under the circumstances specified in item (III), (V) or (VI) of Article 24 of the Articles of Association. The exercise of this authority shall be subject to approval by a resolution of the Board meeting attended by at least two-thirds of the Directors;
- (XVI) other powers granted by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

Matters beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration.

The Board of Directors shall formulate the rules of procedures for the Board to ensure the proper implementation of the resolutions of the general meeting, improvement of work efficiency and scientific decision-making. The rules of procedure for the Board meeting, which shall be drawn up by the Board and approved by the general meeting, shall be annexed to the Articles of Association.

The Board of Directors shall determine the scope of authorization in respect of outbound investment, acquisition and disposal of assets, asset mortgages, external guarantee, consigned financial management, connected transactions and external donations, and set up strict inspection and decision-making procedures; for important investment projects, the Board of Directors shall organize the relevant experts and professionals for review and report to the general meeting for approval.

The chairman of the Board of Directors shall exercise the following powers:

- (I) to preside over the general meetings and to convene and preside over meetings of the Board of Directors;
- (II) to supervise and inspect the execution of the resolutions of the Board of Directors;
- (III) other powers granted by the Board.

When the chairman of the Board exercises his powers within the scope of his authority (including authorization), he shall make a prudent decision on matters that may have a significant impact on the operation of the Company and, if necessary, submit it to the Board of Directors for collective decision-making.

The Board of Directors shall meet at least four times a year. For regular board meetings, written notices bearing the board's official seal shall be delivered to all Directors, the general manager, and the board secretary via personal delivery, mail, or fax at least 14 days prior to the meeting date.

Shareholders representing at least one-tenth of the voting rights, at least one-third of the Directors, the Audit Committee, more than half of the independent Directors, the general manager or chairman may propose an extraordinary Board meeting when considering it necessary. The chairman of the Board shall convene and preside over a Board meeting within 10 days after receiving the proposal.

For extraordinary board meetings, written notices bearing the board's official seal shall be delivered to all Directors, the general manager, and the Board secretary via personal delivery, mail, or fax at least 5 days prior to the meeting date. In case of emergency and it is necessary to convene an extraordinary Board meeting as soon as possible, the meeting notice may be sent by telephone or other oral means at any time, provided that the convener shall make explanations at the meeting.

A Board meeting shall be held only if more than half of the Directors are present. The general manager and the board secretary who do not concurrently serve as Directors shall attend Board meetings. If the meeting presider deems it necessary, other relevant persons can be notified to attend the meeting.

Unless otherwise specified in the Articles of Association and its appendices, a resolution made by the Board must be approved by more than half of all the Directors.

A guarantee within the scope of authority of the Board shall be approved by more than half of all the Directors and approved by at least two-thirds of the Directors present at the Board meeting.

Each Director shall have one vote for the resolutions of the Board of Directors.

Special Committees under the Board of Directors

The Board of Directors of the Company has set up an Audit Committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

The Audit Committee consists of three members, all of whom shall be non-executive Directors. Among them, two are independent Directors, with the convener (chairperson) being an independent Director who is also an accounting professional.

In addition to the Audit Committee, the Board of Directors has established a Strategy Committee, a Nomination Committee, and a Remuneration and Appraisal Committee. These committees perform their duties in accordance with the Articles of Association and the authority delegated by the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for deliberation and decision. The working rules of the special committees should be prepared by the Board of Directors.

Board Secretary

The Company shall have a Board secretary to take charge of the preparation of general meetings and Board meetings, the safekeeping of documents, the management of the information of Shareholders, the handling of information disclosure affairs, etc. The Board secretary is a senior officer of the Company. The relevant provisions of laws, regulations and the Articles of Association on the senior officers of the Company are applicable to the Board secretary.

General Manager and Other Senior Officers

The Company shall have a general manager who shall be appointed or removed by the Board.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board.

The general manager, deputy general managers, the Board secretary, and chief financial officer are senior officers of the Company.

The general manager shall be accountable to the Board and exercise the following powers:

- (I) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report on his work to the Board;
- (II) to arrange for the implementation of the Company's annual business plans and investment plans;
- (III) to draw out the plan of the internal management structure of the Company;
- (IV) to draft the Company's basic management system;
- (V) to formulate the specific rules and regulations of the Company;
- (VI) to propose to the Board of Directors the appointment or dismissal of the deputy general manager and the chief financial officer;
- (VII) to decide to employ and dismiss the responsible management personnel other than those to be employed and dismissed by the Board of Directors;
- (VIII) other powers granted by the Articles of Association or the Board.

The general manager who does not serve as a Director concurrently shall attend the Board meeting.

The senior officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all Shareholders. If the senior officers fail to faithfully perform their duties or violate their fiduciary duties, causing damage to the interests of the Company and Shareholders of public shares, they shall be liable for compensation in accordance with the law.

Financial and Accounting Systems

The Company shall lay down its financial and accounting system according to laws, administrative regulations and requirements of relevant government departments.

The Company shall, at the end of each fiscal year, prepare a financial and accounting report, which shall be audited by an accounting firm as required by law. The financial and accounting report shall be prepared in accordance with provisions of the laws, administrative regulations and the regulations of the financial department of the State Council.

Disclosure of A-Share periodic reports: The Company shall submit and disclose its annual report to the local offices of CSRC and Shenzhen Stock Exchange within four months as of the end of each fiscal year, and its interim report to the local offices of the CSRC and Shenzhen Stock Exchange within two months as of the end of the first half of each fiscal year.

Disclosure of H-Share periodic reports: The H-Share periodic reports include annual reports and interim reports. The Company shall disclose a preliminary announcement of its annual results within three months from the end of each fiscal year, and shall prepare and disclose its annual report within four months from the end of each fiscal year and at least 21 days prior to the date of the annual general meeting. The Company shall disclose a preliminary announcement of its interim results within two months after the end of the first six months of each fiscal year, and shall prepare and disclose the interim report within three months after the end of the first six months of each fiscal year.

The above-mentioned annual report and interim report shall be prepared in accordance with relevant laws, administrative regulations, securities regulatory rules of the place where the Company's Shares are listed and rules of the stock exchange.

The Company shall not establish separate accounting books other than the statutory ones. The assets of the Company shall not be deposited into an account established in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory surplus reserve. When the cumulated amount of the statutory surplus reserve of the Company has reached 50% or more of its registered capital, no further allocations is required.

Where the statutory surplus reserve of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to cover the loss before the withdrawing of the statutory surplus reserve in accordance with the above provisions.

After the company has allocated the statutory surplus reserve from its after-tax profits, it may, upon a resolution made by the general meeting, allocate a discretionary surplus reserve from its after-tax profits.

The remaining after-tax profits of the Company after making up for the losses and withdrawing the reserves may be distributed according to the proportion of Shares held by the Shareholders, except it is specified in the Articles of Association that the distribution is not made based on the shareholding proportions.

If the general meeting distributes profits to Shareholders in violation of the provisions of the preceding paragraph and before the Company covers the losses and withdraws statutory surplus reserve, the Shareholders shall return the profits distributed in violation of the provisions to the Company. If any loss is caused to the Company, the Shareholders and the responsible Directors and senior officers shall be liable for compensation.

No profits shall be distributed in respect of the Company's Shares held by the Company.

The reserves of the Company shall be used to cover the Company's losses, expand its production and operation or to increase its registered capital. However, the capital reserve shall not be used to cover the loss of the Company. To make up for the Company's losses, the Company shall first use the discretionary surplus reserve and statutory surplus reserve; If they are insufficient, the capital reserve can be used in accordance with the regulations.

Where the statutory surplus reserve is converted to capital, the remainder of the statutory surplus reserve shall not be less than 25% of the registered capital of the Company before the conversion is conducted.

When a resolution is made by general meeting on the profit distribution scheme, or the Board of Directors has formulated a specific plan based on the conditions and upper limit of the next year's interim dividend approved at the annual general meeting, the Board shall complete the dividend (or Share) distribution in two months after the general meeting.

Internal Audit

The Company has implemented an internal audit system, which specifies the leadership system, responsibility and authority, staffing, financial security, use of audit results and accountability for internal audit work. The Company's internal audit system shall be implemented upon approval by the Board of Directors and disclosed externally.

The Company's internal audit organization supervises and inspects the Company's business activities, risk management, internal control, financial information and other matters.

Employment of Accounting Firm

The Company shall engage an accounting firm that complies with the provisions of the Securities Law and Hong Kong Listing Rules to audit financial reports, verify the net assets, and provide other relevant consulting services. The term of employment of the accounting firm shall be one year, which is renewable.

The appointment or removal of an accounting firm by the Company must be decided by the general meeting, and the Board of Directors shall not appoint an accounting firm before the decision is made by the general meeting.

The Company shall ensure to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information to the engaged accounting firm, and shall not refuse, conceal or make false reports.

The audit fee or method of determining the audit fee of an accounting firm shall be decided by the general meeting.

When the Company dismisses or decides not to renew the employment of an accounting firm, it shall give a 20-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the general meeting of whether there is any irregularity in the Company.

Merger, Division, and Capital Increase and Reduction

The merger of the Company may take the form of a merger by absorption or a merger by new establishment.

In the case of a merger by absorption, a company absorbs another company and the absorbed company shall be dissolved. In the case of a merger by new establishment, two or more companies merge together for the establishment of a new company and the companies to the merger shall be dissolved.

If the price paid for a company merger does not exceed 10% of the Company's net assets, it does not require a resolution by the general meeting, unless otherwise stipulated in the Articles of Association.

A merger of the Company in accordance with the provisions of the above two paragraphs shall be resolved by the Board of Directors if the merger is not resolved by the general meeting.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the merger has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

The surviving company or the newly established company of a merger shall assume the claims and debts of the parties to the merger.

If the Company is divided, its property shall be divided accordingly.

In the case of a division, a balance sheet and a schedule of assets shall be prepared. The Company shall inform its creditors within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the division has been adopted.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division jointly and severally, except as otherwise stated in the agreement entered into between creditors and the Company for debt service prior to the division.

Where the Company needs to reduce its registered capital, a balance sheet and a schedule of assets must be prepared.

The Company shall inform its creditors of the reduction in registered capital within 10 days and publish an announcement on the newspaper or the National Enterprise Credit Information Publicity System within 30 days after the resolution approving the reduction has been adopted. Creditors shall, within 30 days since the date of receiving the notice, or creditors who do not receive the notice shall, within 45 days since the date of the public announcement, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

Where the merger or division of the Company results in a change in its registration particulars, such change shall be registered with the Company registration authority according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

Where the Company increases or reduces its registered capital, it shall amend its registration with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved if:

- (I) the dissolution event occurs as specified in the Articles of Association;
- (II) the general meeting resolves to dissolve the Company;
- (III) the Company is dissolved as a result of merger or division;
- (IV) the Company is revoked of business license, ordered to close or canceled according to law;
- (V) Shareholders holding 10% or more of the voting rights of the Company request the people's court to dissolve the Company, on the grounds that the company suffers significant hardship in its operation and management that cannot be resolved through other means, and the ongoing existence of the Company would bring significant losses to the interests of Shareholders. If the Company has the reasons for dissolution specified in the above paragraphs, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within 10 days.

If the Company is in the situations of the above items (I) or (II) and has not yet distributed its property to its Shareholders, it may survive by amending the Articles of Association or by a resolution of the general meeting. Amendments to the Articles of Association or resolutions of general meeting made in accordance with the provisions of the preceding paragraph shall be approved by at least two-thirds of the voting rights held by the Shareholders attending the general meeting.

If the Company is dissolved under items (I), (II), (IV) or (V), it shall be liquidated. The Directors shall be the liquidation obligors of the Company, and shall form a liquidation committee to liquidate the Company within 15 days of occurrence of any event leading to dissolution. The liquidation committee shall be composed of the Directors, except as otherwise provided in the Articles of Association or as otherwise elected by the resolution of the general meeting. Where the liquidation obligors fail to perform their liquidation obligations in a timely manner, thereby causing losses to the Company or the creditors, they shall be liable for compensation.

Where the liquidation committee discovers upon examination of the Company's assets and preparation of the balance sheet and schedule of assets that the Company's assets are insufficient to repay its debts, an application shall be made to the people's court for bankruptcy liquidation.

After the people's court accepts the bankruptcy application, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator appointed by the people's court.

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, submit it to the general meeting or the people's court for confirmation, and submit it to the Company registration authority, apply for cancellation of the Company's registration, and announce the Company's termination.

Amendment to the Articles of Association

The Company shall amend its Articles of Association in any of the following circumstances:

- (I) following amendment of the Company Law or other relevant laws, administrative regulations and securities regulatory rules of the place where the Company's Shares are

listed, the provisions of the Articles of Association contradict with the relevant provisions of the amended laws, administrative regulations and securities regulatory rules of the place where the Company's Shares are listed;

- (II) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association;
- (III) the general meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association resolved by the general meeting is subject to examination and approval by the competent authority, such amendment shall be submitted to the competent authority for approval; where any amendment to the Articles of Association involves the Company's registration, the Company's registration shall be amended in accordance with the law.

FURTHER INFORMATION ABOUT OUR GROUP**Establishment of Our Company**

Our Company was established in the PRC as a limited liability company on January 26, 2007. On May 24, 2012, it was converted into a joint stock company with limited liability under the PRC Company Law. Since June 6, 2017, our A Shares have been listed on the Shenzhen Stock Exchange with the stock code of 300661. Our registered office is located at 4-1106, 11/F, No. 87 West Third Ring Road North, Haidian District, Beijing, PRC.

We have established a principal place of business in Hong Kong at Room 1910, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on under the same address. Ms. YEUNG Siu Wai Kitty (楊小慧) has been appointed as our authorized representative for the acceptance of service of process and notices on our behalf in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As we were established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in Appendices IV and V to this prospectus, respectively.

Changes in the Share Capital of Our Company

Save as disclosed below, there has been no change in the share capital of our Company within the two years immediately preceding the date of this prospectus.

On November 4, 2024, our Company's total registered capital increased from RMB467,414,602 to RMB470,284,194, due to the exercise of stock options under the 2018 Stock Option Incentive Plan.

On November 11, 2024, our Company's total registered capital increased from RMB470,284,194 to RMB471,980,615, due to (i) the exercise of stock options under the 2018 Stock Option Incentive Plan; and (ii) the vesting of restricted stocks under the 2021 Share Incentive Plan.

On June 2, 2026, our Company's total registered capital increased from RMB471,980,615 to RMB473,745,179, due to (i) the exercise of stock options under the 2018 Stock Option Incentive Plan, the 2022 Share Incentive Plan and the 2023 Share Incentive Plan; and (ii) the vesting of restricted stocks under the 2021 Share Incentive Plan.

On September 19, 2025, following approval by the third extraordinary general meeting of 2025, the Company's total share capital increased from RMB473,745,179 to RMB618,011,149, due to (i) the exercise of stock options under the 2018 Stock Option Incentive Plan and the 2023 Share Incentive Plan; (ii) the vesting of restricted shares under the 2021 Share Incentive Plan; and (iii) the capitalization of capital reserve into share capital in connection with the 2024 profit distribution.

On April 20, 2026, following approval by the annual general meeting of 2025, the Company's total share capital increased from RMB618,011,149 to RMB620,507,403, due to the exercise of stock options under the 2023 Share Incentive Plan.

Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this prospectus.

Save as disclosed below, there has been no change in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

SHEN AN MICRO CO., LTD. (杭州深諳微電子科技有限公司)

On December 18, 2024, the registered share capital of SHEN AN MICRO CO., LTD. increased from RMB2,000,000 to RMB16,000,000.

SG MICRO SUZHOU CO., LTD. (蘇州聖邦微電子有限公司)

On June 14, 2024, the registered share capital of SG MICRO SUZHOU CO., LTD. increased from RMB14,200,000 to RMB15,683,383.61.

GANRUI TECH (CHANGZHOU) CO., LTD. (感睿智能科技(常州)有限公司)

On November 27, 2024, the registered share capital of GANRUI TECH (CHANGZHOU) CO., LTD. increased from RMB3,304,500 to RMB3,321,700.

VTRAN TECH (CHANGZHOU) CO., LTD. (微傳智能科技(常州)有限公司)

On December 12, 2024, the registered share capital of VTRAN TECH (CHANGZHOU) CO., LTD. increased from RMB60,000,000 to RMB80,000,000.

SHANGHAI SG MICRO CO., LTD. (駿盈半導體(上海)有限公司)

On July 17, 2024, the registered share capital of SHANGHAI SG MICRO CO., LTD. increased from RMB2,000,000 to RMB30,000,000.

SHANGHAI PINGSHENG MICRO CO., LTD. (上海萍生微電子科技有限公司)

On October 22, 2025, the registered share capital of SHANGHAI PINGSHENG MICRO CO., LTD. increased from RMB2,450,000 to RMB183,450,000.

SHANGHAI FANHUIZHI TECH CO., LTD. (上海泛慧知科技有限公司)

On December 2, 2025, SHANGHAI FANHUIZHI TECH CO., LTD. was deregistered under the laws of the PRC with a registered capital of RMB5,000,000.

SG MICRO DALIAN CO., LTD. (大連聖邦駿盈微電子有限公司)

On December 22, 2025, SG MICRO DALIAN CO., LTD. was deregistered under the laws of the PRC with a registered capital of RMB10,000,000.

SG MICRO CHENGDU CO., LTD. (成都聖邦微電子有限公司)

On December 29, 2025, SG MICRO CHENGDU CO., LTD. was established under the laws of the PRC with a registered capital of RMB30,000,000.

SG MICRO WUHAN CO., LTD. (武漢聖邦微電子有限公司)

On February 6, 2026, SG MICRO WUHAN CO., LTD. was established under the laws of the PRC with a registered capital of RMB30,000,000.

SG MICRO QIANHAI CO., LTD. (深圳前海聖邦微電子科技有限公司)

On February 14, 2026, SG MICRO QIANHAI CO., LTD. was established under the laws of the PRC with a registered capital of US\$10,000,000.

SG MICRO XIAN CO., LTD. (西安聖邦微電子有限公司)

On May 20, 2026, SG MICRO XIAN CO., LTD. was established under the laws of the PRC with a registered capital of RMB5,000,000.

Resolutions of Our Shareholders

At the Shareholders' general meeting held on September 19, 2025, among other things, the following resolutions were passed by the Shareholders:

- (a) the issuance by our Company of H Shares with a nominal value of RMB1.00 each and such H Shares being listed on the Stock Exchange;
- (b) the number of H Shares to be issued shall not be more than 15% of the total issued share capital of our Company upon completion of the Global Offering and before any exercise of the Over-allotment Option, and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares initially available under the Global Offering;
- (c) subject to the completion of the Global Offering, the adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to our Board to amend the Articles of Association to the extent necessary in accordance with the requirements of the relevant laws and regulations for the purpose of the Listing; and
- (d) authorization of our Board or its authorized individual(s) to handle all matters relating to, among other things, the Global Offering, the issue and the listing of H Shares on the Stock Exchange.

Restriction on Share Repurchase

For details of the restrictions on share repurchase by our Company, see "Summary of Articles of Association" in Appendix V to this prospectus.

FURTHER INFORMATION ABOUT OUR BUSINESS**Summary of Material Contracts**

We have entered into the following contracts (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, GIC Private Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which GIC Private Limited agreed to subscribe for such number of H Shares at the Offer

Price in the aggregate amount of the Hong Kong dollar equivalent of US\$50.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (b) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, JPMorgan Asset Management (Asia Pacific) Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which JPMorgan Asset Management (Asia Pacific) Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$49.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (c) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, CPE Ginkgo Investment Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which CPE Ginkgo Investment Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$38.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (d) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Da Cheng International Asset Management Company Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Da Cheng International Asset Management Company Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (e) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Dajia Life Insurance Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Dajia Life Insurance Co., Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (f) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Dymon Asia Multi-Strategy Investment Master Fund, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Dymon Asia Multi-Strategy Investment Master Fund agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (g) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, First Sentier Investors (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which First Sentier Investors (Hong Kong) Limited agreed to

subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$20.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (h) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, GF Fund Management Co., Ltd. (廣發基金管理有限公司), China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which GF Fund Management Co., Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (i) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, GF International Investment Management Limited (廣發國際資產管理有限公司), China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which GF International Investment Management Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$2.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (j) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Golden Continent Global Vision Open-ended Fund Company-Value Opportunity Fund No.2, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Golden Continent Global Vision Open-ended Fund Company-Value Opportunity Fund No.2 agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (k) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Harvest Global Investments Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Harvest Global Investments Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (l) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, HHLR Advisors, Ltd., China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which HHLR Advisors, Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$49.0 million (US\$10.0 million of which is held as the investment manager of segregated management accounts managed for CPP Investments) (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (m) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Huadeng Tech Ace Investment Ltd, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Huadeng Tech Ace Investment Ltd agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$5.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (n) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, HQ TELECOM SINGAPORE PTE. LTD., China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which HQ TELECOM SINGAPORE PTE. LTD. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$7.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (o) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Sungrow Power (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Sungrow Power (Hong Kong) Co., Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$4.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (p) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, ICBC Wealth Management Co., Ltd. (工銀理財有限責任公司), China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which ICBC Wealth Management Co., Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (q) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, iSoftStone Hong Kong Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which iSoftStone Hong Kong Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (r) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, LMR Multi-Strategy Master Fund Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which LMR Multi-Strategy Master Fund Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (s) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Integrated Core Strategies (Asia) Pte. Ltd., China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Integrated Core Strategies (Asia) Pte. Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$5.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (t) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Ninety One Asia Pte. Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Ninety One Asia Pte. Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (u) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Ocean Fine Industrial Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Ocean Fine Industrial Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$4.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (v) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, PSBC Wealth Management Co., Ltd. (中郵理財有限責任公司), China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which PSBC Wealth Management Co., Ltd. agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$3.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (w) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Taikang Life Insurance Co., Ltd, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Taikang Life Insurance Co., Ltd agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$8.0 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);
- (x) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Value Partners Hong Kong Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Value Partners Hong Kong Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$10.1 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares);

- (y) the cornerstone investment agreement dated June 15, 2026 entered into among the Company, Value Partners Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, pursuant to which Value Partners Limited agreed to subscribe for such number of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US\$1.9 million (excluding the brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee in respect of such number of H Shares; and
- (z) the Hong Kong Underwriting Agreement

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Owner	Trademark	Registration No.	Class	Date of Registration	Expiry Date	Place of Registration
1.	the Company		62733945	9	January 14, 2023	January 13, 2033	PRC
2.	the Company		57924545	9	April 14, 2023	April 13, 2033	PRC
3.	the Company		56280718	9	December 21, 2022	December 20, 2032	PRC
4.	the Company		57924548	9	August 7, 2022	August 6, 2032	PRC
5.	the Company		57933792	9	July 21, 2022	July 20, 2032	PRC
6.	the Company		49829632	9	October 14, 2021	October 13, 2031	PRC
7.	the Company		49828369	42	September 14, 2021	September 13, 2031	PRC
8.	the Company		49235559	9	April 7, 2021	April 6, 2031	PRC
9.	the Company		31837749	9	February 7, 2020	February 6, 2030	PRC
10.	the Company		31690516	37	March 21, 2019	March 20, 2029	PRC
11.	the Company		31693179	35	March 21, 2019	March 20, 2029	PRC
12.	the Company		31695296	38	March 21, 2019	March 20, 2029	PRC
13.	the Company		31680787	42	March 21, 2019	March 20, 2029	PRC
14.	the Company		25043557	9	June 28, 2018	June 27, 2028	PRC
15.	the Company		24415392	35	May 28, 2018	May 27, 2028	PRC
16.	the Company		24414729	42	May 28, 2018	May 27, 2028	PRC
17.	the Company		24219927	9	May 14, 2018	May 13, 2028	PRC
18.	the Company		6522791	9	April 7, 2010	April 6, 2030	PRC
19.	the Company		6522788	9	April 7, 2010	April 6, 2030	PRC

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Owner	Trademark	Registration No.	Class	Date of Registration	Expiry Date	Place of Registration
20.	the Company		304167685	9	August 17, 2018	June 8, 2027	Hong Kong
21.	the Company		4738202	9	May 19, 2015	May 18, 2035	USA
22.	the Company		40-1316810	9	December 28, 2017	December 28, 2027	South Korea
23.	the Company		2017-77128	9	March 23, 2018	March 22, 2028	Japan
24.	the Company		302017105765	9	July 6, 2017	July 5, 2027	Germany
25.	the Company		304579976	9	November 26, 2018	June 27, 2028	Hong Kong
26.	the Company		302019105422	9	April 24, 2019	April 24, 2029	Germany
27.	the Company		305224842	9	August 14, 2020	March 18, 2030	Hong Kong
28.	the Company		02195824	9	January 16, 2022	January 15, 2032	Taiwan, China
29.	the Company		02195852	9	January 16, 2022	January 15, 2032	Taiwan, China
30.	the Company		305719113	9	February 14, 2022	August 15, 2031	Hong Kong
31.	the Company		305719104	9	February 14, 2022	August 15, 2031	Hong Kong

Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Owner	Patent Name	Patent Type	Patent No.	Date of Registration	Place of Registration
1.	the Company	A multi-phase DC-DC converter (一種多相DC-DC轉換器)	Invention patent	ZL202011553761.1	May 23, 2025	PRC
2.	the Company	Over-current protection circuit and over-current protection method for DC power supply (DC電源的過流保護電路和過流保護方法)	Invention patent	ZL202011398532.7	May 9, 2025	PRC
3.	the Company	Power conversion circuit of multi-phase power supply as well as multi-phase power supply and control method thereof (多相電源的功率轉換電路和多相電源及其控制方法)	Invention patent	ZL202110383005.7	April 11, 2025	PRC
4.	the Company	Power supply monitoring circuit and switching power supply (電源監控電路及開關電源)	Invention patent	ZL202011574949.4	January 10, 2025	PRC
5.	the Company	Switching converter and control circuit thereof (開關變換器及其控制電路)	Invention patent	ZL202011009456.6	January 10, 2025	PRC
6.	the Company	Oscillator for switching converter, and switching converter (一種開關變換器的振蕩器和開關變換器)	Invention patent	ZL202011601971.3	January 10, 2025	PRC
7.	the Company	Device module, manufacturing method thereof, and inductor-capacitor array (器件模塊及其製造方法和電感電容陣列)	Invention patent	ZL202110383001.9	January 3, 2025	PRC

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No.	Owner	Patent Name	Patent Type	Patent No.	Date of Registration	Place of Registration
8.	the Company	The method, apparatus, computer-readable storage medium and terminal for triggering of a flash lamp (閃光燈引閃方法、裝置、計算機可讀存儲介質及終端)	Invention patent	ZL202010083970.8	December 10, 2024	PRC
9.	the Company; Guangdong Xintaochip Microelectronics Co., LTD	Power module and packaging integration method thereof (電源模塊及其封裝集成方法)	Invention patent	ZL201811288902.4	December 10, 2024	PRC
10.	the Company	Linear regulator and power management chip (線性穩壓器和電源管理芯片)	Invention patent	ZL202110095761.X	December 6, 2024	PRC
11.	the Company	Power converter and control circuit thereof (功率變換器及其控制電路)	Invention patent	ZL202010636386.0	November 12, 2024	PRC
12.	the Company	Polling detection circuit and method based on battery protection chip and battery protection chip (基於電池保護芯片的輪詢檢測電路、方法及電池保護芯片)	Invention patent	ZL202011163786.0	November 12, 2024	PRC
13.	the Company	Low dropout linear regulator (低壓差線性穩壓器)	Invention patent	ZL202110640833.4	November 12, 2024	PRC
14.	the Company	Switching converter, control circuit and control method thereof (開關變換器及其控制電路和控制方法)	Invention patent	ZL202011130920.7	October 18, 2024	PRC
15.	the Company	Operational amplifier, integrated circuit, and method for generating internal power supply of operational amplifier (運算放大器、集成電路及運算放大器的內部電源產生方法)	Invention patent	ZL202011398531.2	October 18, 2024	PRC
16.	the Company	Envelope synthetic power and RF power module with envelope synthetic power (包絡合成電源及具有包絡合成電源的射頻功率模塊)	Invention patent	ZL202011626961.5	October 18, 2024	PRC
17.	the Company	Output stage circuit and Class AB amplifier (輸出級電路和AB類放大器)	Invention patent	ZL202011451032.5	October 15, 2024	PRC
18.	the Company	Multi-phase switching converter and control circuit thereof (多相開關變換器及其控制電路)	Invention patent	ZL202111261865.X	October 15, 2024	PRC
19.	the Company	Reference voltage generating circuit and generating method thereof (參考電壓產生電路及其產生方法)	Invention patent	ZL202011450867.9	August 30, 2024	PRC
20.	the Company	Battery protection circuit (電池保護電路)	Invention patent	ZL201911423242.0	August 30, 2024	PRC
21.	the Company	Analog-to-digital converter and analog-to-digital conversion method (模數轉換器及模數轉換方法)	Invention patent	ZL202011592183.2	August 30, 2024	PRC
22.	the Company	Battery protection chip, short circuit retry protection control circuit and method thereof (電池保護芯片、其短路重試保護控制電路和方法)	Invention patent	ZL202011163787.5	August 30, 2024	PRC
23.	the Company	Test device for low dropout linear regulator (低壓差線性穩壓器的測試裝置)	Invention patent	ZL202110235868.X	July 12, 2024	PRC
24.	the Company	An analog-to-digital converter and operation method thereof (一種模數轉換器及其操作方法)	Invention patent	ZL202111617749.7	June 28, 2024	PRC
25.	the Company	Charge pump circuit (電荷泵電路)	Invention patent	ZL202011575690.5	June 21, 2024	PRC
26.	the Company	Driving circuit, load switching circuit and power supply module of power transistor (功率晶體管的驅動電路、負載開關電路以及電源模塊)	Invention patent	ZL202311352706.X	June 18, 2024	PRC
27.	the Company	Motor drive circuit (電機驅動電路)	Invention patent	ZL202011538311.5	June 18, 2024	PRC
28.	the Company	Detection circuit and power supply circuit for DC-DC converter (用於DC-DC轉換器的檢測電路和供電電路)	Invention patent	ZL202210814789.9	May 14, 2024	PRC
29.	the Company	DC-DC converter (DC-DC變換器)	Invention patent	ZL202210983558.0	May 14, 2024	PRC

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No.	Owner	Patent Name	Patent Type	Patent No.	Date of Registration	Place of Registration
30.	the Company	Power supply circuit, display panel and display device (電源電路、顯示面板及顯示裝置)	Invention patent	ZL202110145442.5	May 10, 2024	PRC
31.	the Company	Circuit for beam splitting protection of power input and output (對電源輸入輸出進行分束保護的電路)	Invention patent	ZL201710172963.3	April 16, 2024	PRC
32.	the Company	Resistance circuit and variable gain amplification circuit (電阻電路和可變增益放大電路)	Invention patent	ZL201811042171.5	September 12, 2023	PRC
33.	the Company	Controller and control method of thermoelectric cooler/heater (熱電致冷致熱器的控制器及控制方法)	Invention patent	ZL202010929394.4	August 22, 2023	PRC
34.	the Company	LED drive circuit and control circuit thereof (LED驅動電路及其控制電路)	Invention patent	ZL201910785173.1	May 26, 2023	PRC
35.	the Company	Signal processing circuit (信號處理電路)	Invention patent	ZL202010910031.6	April 7, 2023	PRC
36.	the Company	DC trimming module and bandgap reference circuit with DC trimming (直流修調模塊及采用直流修調的帶隙基準電路)	Invention patent	ZL201911419599.1	October 14, 2022	PRC
37.	the Company	Output stage circuit and Class AB amplifier (輸出級電路和AB類放大器)	Invention patent	ZL201911415378.7	October 14, 2022	PRC
38.	the Company	THD reduction output stage circuit of low voltage operational amplifier based on CMOS technology (基於CMOS工藝的低壓運算放大器降低THD的輸出級電路)	Invention patent	ZL201910743261.5	September 30, 2022	PRC
39.	the Company	Startup or anti-stalling method of direct current brush motor (一種直流有刷電機的啟動或抗堵轉方法)	Invention patent	ZL201911401634.7	July 12, 2022	PRC
40.	the Company	Low dropout linear regulator with high power supply rejection ratio (高電源抑制比的低壓差線性穩壓器)	Invention patent	ZL201910995503.X	April 1, 2022	PRC
41.	the Company	Switching power supply, ringing cancellation circuit and ringing canceling method thereof (開關電源及其振鈴消除電路和振鈴消除方法)	Invention patent	ZL201910705901.3	October 15, 2021	PRC
42.	the Company	A method for generating PWM signal for driving LED (一種驅動 LED 的 PWM 信號的產生方法)	Invention patent	ZL201810264085.2	September 24, 2021	PRC
43.	the Company	Low temperature-drift precision current generation circuit (低溫漂精密電流產生電路)	Invention patent	ZL201611215678.7	January 23, 2018	PRC
44.	the Company; SG MICRO SUZHOU CO., LTD. (蘇州聖邦 微電子有限公司)	Single inductor positive and negative voltage output device (單電感正負電壓輸出裝置)	Invention patent	ZL201410429174.X	January 18, 2017	PRC
45.	the Company	Single inductor positive and negative voltage output device (單電感正負電壓輸出裝置)	Invention patent	KR10-1845337	March 29, 2018	South Korea
46.	the Company	Single inductor positive and negative voltage output device (單電感正負電壓輸出裝置)	Invention patent	US9960682	May 1, 2018	USA
47.	the Company	Switching power supply, control circuit and control method thereof (開關電源及其控制電路和控制方法)	Invention patent	US11990828 B2	May 21, 2024	USA
48.	the Company	Switching converter and low voltage startup circuit thereof (開關變換器及其低壓啟動電路)	Invention patent	US11929667 B2	March 12, 2024	USA
49.	the Company	Low dropout linear regulator with high power supply rejection ratio (高電源抑制比的低壓差線性穩壓器)	Invention patent	US11994887 B2	May 28, 2024	USA
50.	the Company	A low dropout linear voltage regulator and control circuit thereof (一種低壓差線性穩壓器及其控制電路)	Invention patent	US11971734 B2	April 30, 2024	USA
51.	the Company	Polling detection circuit and method based on battery protection chip and battery protection chip (基於電池保護芯片的輪詢檢測電路、方法及電池保護芯片)	Invention patent	US12174261 B2	December 24, 2024	USA

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No.	Owner	Patent Name	Patent Type	Patent No.	Date of Registration	Place of Registration
52.	the Company	Reading circuit for differential OTP memory (用於差分型OTP存儲器的讀取電路)	Invention patent	US12249382 B2	March 11, 2025	USA
53.	the Company	Monostable circuit (單穩態電路)	Invention patent	US12334927 B2	June 17, 2025	USA
54.	the Company	Voltage Regulation Control Circuit for Voltage Regulator Circuit and Voltage Regulator Circuit (用於穩壓電源電路的調壓控制電路及穩壓電源電路)	Invention patent	ZL202310436594.X	December 30, 2025	PRC
55.	the Company	Short-Circuit Protection Circuit for Power Transistor (用於功率管的短路保護電路)	Invention patent	ZL202411997632.X	December 9, 2025	PRC
56.	the Company	Chip with Fully Wrapped Isolation for Signal Lines, Method and Chip Manufacturing Method (一種信號線全包裹隔離的芯片、方法及芯片製造方法)	Invention patent	ZL202110546229.5	December 2, 2025	PRC
57.	the Company	Low-Voltage Differential Signaling (LVDS) Communication System and Driver Thereof (低壓差分信號通信系統及其驅動器)	Invention patent	ZL202411718771.4	November 14, 2025	PRC
58.	the Company	Sigma-Delta Analog-to-Digital Converter and Quantization Circuit Thereof (Sigma-Delta模數轉換器及其量化電路)	Invention patent	ZL202311511362.2	November 14, 2025	PRC
59.	the Company	Integrated Circuit Assembly and Packaging Assembly Thereof (集成電路組件及其封裝組件)	Invention patent	ZL202011555288.0	November 14, 2025	PRC
60.	the Company	IPD Filter Based on 5G Communication N79 Frequency Band and Manufacturing Method Thereof (一種基於5G通信N79頻段的IPD濾波器及其製作方法)	Invention patent	ZL202310146621.X	October 17, 2025	PRC
61.	the Company	Soft Turn-Off Control Circuit and Method in Isolated Driver Chip, and Isolated Driver Chip (隔離驅動芯片中的軟關斷控制電路及方法、隔離驅動芯片)	Invention patent	ZL202411639163.4	September 30, 2025	PRC
62.	the Company	Integrated Circuit, Digital-to-Analog Converter and Driving Method Thereof (集成電路、數模轉換器及其驅動方法)	Invention patent	ZL202011515687.4	September 5, 2025	PRC
63.	the Company	Testing Apparatus and Method for High-Precision Analog-to-Digital Conversion Chip (高精度模數轉換芯片的測試裝置和測試方法)	Invention patent	ZL202010935169.1	September 5, 2025	PRC
64.	the Company	Control Circuit and Control Method with Current-Limiting Protection for Switching Converter (用於開關變換器的具有限流保護的控制電路和控制方法)	Invention patent	ZL202110794994.9	July 18, 2025	PRC
65.	the Company	Switching Converter and Control Circuit Thereof (開關變換器及其控制電路)	Invention patent	ZL202110789542.1	July 18, 2025	PRC
66.	the Company	LDO Circuit with Switchable Power Supply Terminal (一種供電端可切換的LDO電路)	Invention patent	ZL202111500920.6	July 18, 2025	PRC
67.	the Company	Switching Converter, Control Circuit and Control Method Thereof (開關變換器及其控制電路和控制方法)	Invention patent	ZL202011538413.7	June 13, 2025	PRC
68.	the Company	Temperature Detection Circuit (溫度檢測電路)	Invention patent	ZL202111661395.6	June 13, 2025	PRC
69.	SG MICRO SUZHOU CO., LTD.	Power Supply Voltage Switching Circuit and Power Supply Voltage Switching Method (電源電壓切換電路及電源電壓切換方法)	Invention patent	ZL202210848418.2	August 1, 2025	PRC
70.	SG MICRO SUZHOU CO., LTD.	Short-Circuit Recovery Soft-Start Circuit for DC-DC Converter and DC-DC Converter (用於DC-DC變換器的短路恢復軟啟動電路以及DC-DC變換器)	Invention patent	ZL202210887671.9	July 11, 2025	PRC
71.	SHANGHAI SG MICRO CO., LTD. (駿盈半導體 (上海) 有限公司)	Inductor Current Reuse Detection Circuit for DC-DC Converter and DC-DC Converter (用於DC-DC變換器的電感電流複用檢測電路、以及DC-DC變換器)	Invention patent	ZL202211216083.9	November 14, 2025	PRC

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No.	Owner	Patent Name	Patent Type	Patent No.	Date of Registration	Place of Registration
72.	SHANGHAI SG MICRO CO., LTD.	Digital-to-Analog Conversion Circuit, Chip and Electronic Equipment for PWM-to-Analog Output Conversion (PWM轉換模擬輸出的數模轉換電路、芯片及電子設備)	Invention patent	ZL202211700884.2	September 9, 2025	PRC
73.	the Company	Controller and Control Method for Thermoelectric Cooler-Heater (熱電致冷致熱器的控制器及控制方法)	Invention patent	US12449167 B2	October 21, 2025	USA

Integrated Circuit Layout Designs

As of the Latest Practicable Date, we had registered the following integrated circuit layout designs which we consider to be material to our business:

No.	Layout Owner	Layout Design Name	Registration No. of Layout Design	Date of Registration
1.	the Company	High-speed dual-channel single-pole double-throw switch (高速雙通道單刀雙擲開關)	BS.245010114	February 11, 2025
2.	the Company	Audio power amplifier (音頻功率放大器)	BS.245011714	February 5, 2025
3.	the Company	High voltage, high precision, low noise rail-to-rail operational amplifier (高電壓，高精度，低噪聲軌對軌運算放大器)	BS.245009604	November 19, 2024
4.	the Company	Small-size, low-voltage comparator (小尺寸，低電壓比較器)	BS.245009590	November 19, 2024
5.	the Company	Ultra-low noise, high PSRR linear regulator (超低噪聲，高PSRR線性穩壓器)	BS.245009183	November 19, 2024
6.	the Company	High precision, low noise, low difference linear regulator (高精度，低噪聲，低差線性穩壓器)	BS.245009558	November 19, 2024
7.	the Company	Buck-Boost Charge Controller (Buck-Boost充電控制器)	BS.245009256	November 19, 2024
8.	the Company	Microprocessor monitoring circuit (微處理器監控電路)	BS.245009353	November 19, 2024
9.	the Company	Microprocessor monitoring circuit (微處理器監控電路)	BS.245009264	November 20, 2024
10.	the Company	Buck DC/DC Converter (降壓DC/DC轉換器)	BS.245008713	November 12, 2024

Domain Name

As of the Latest Practicable Date, we had registered the following internet domain name which we consider to be material to our business:

No.	Domain Name	Registered Owner	Place of Registration	Registration Number
1.	sg-micro.com	the Company	PRC	Beijing Public Security Network Security Record No. 11010802046258; Beijing ICP Filing No. 08010133-2

FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**Particulars of Directors' Service Contracts and Letters of Appointment**

We have entered into a service contract or letter of appointment with each of our Directors in respect of, among others, (i) term of service, (ii) termination, and (iii) dispute resolution mechanism.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

Remuneration of Directors

Save as disclosed in “Directors and Senior Management” in this prospectus and Note 9 to the Accountants' Report in Appendix I to this prospectus, none of our Directors received other remuneration or benefits in kind from our Company in respect of the years ended December 31, 2023, 2024 and 2025.

Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements. See “Underwriting — Underwriting Arrangements and Expenses.” Save in connection with the Underwriting Agreements, no commissions, discounts, agency fee, brokerages or other special terms have been paid or is payable by the Group to any person (including the Directors, promoters and experts referred to in the paragraph headed “— Other Information — Qualifications of Experts” below in connection with the issue or sale of any capital or security of any member of our Group within the two years immediately preceding the date of this prospectus.

Disclosure of Interests***Disclosure of Interests of Directors and Chief Executive of the Company***

Save as disclosed below, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing), so far as our Directors are aware, none of our Directors or chief executive of our Company will have any interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or our associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company and the Stock Exchange, once the H Shares are listed on the Stock Exchange.

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Name	Position	Nature of interest	Number and description of Shares ⁽¹⁾	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate percentage of interest in the A Shares immediately following the completion of the Global Offering ⁽²⁾	Approximate percentage of interest in the total issued share capital of our Company immediately following the completion of the Global Offering ⁽²⁾
Dr. Zhang	Executive Director, Chairman of the Board and General Manager	Interest in controlled corporation ⁽³⁾ ; interest held jointly with other persons ⁽⁴⁾ ; interest of spouse ⁽⁵⁾	221,512,150 A Shares	35.67%	35.67%	32.82%
Ms. Zhang	Executive Director, Deputy Chairwoman of the Board, Deputy General Manager and Secretary to the Board	Beneficial owner; interest in controlled corporation ⁽⁶⁾ ; interest held jointly with other persons ⁽⁴⁾	221,512,150 A Shares	35.67%	35.67%	32.82%
Mr. Lin Lin	Non-executive Director	Beneficial owner; interest held jointly with other persons ⁽⁴⁾	221,512,150 A Shares	35.67%	35.67%	32.82%
Ms. Liu Ming	Non-executive Director	Interest in controlled corporation ⁽⁷⁾	43,648 A Shares	0.01%	0.01%	0.01%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 675,015,824 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing).
- (3) As of the Latest Practicable Date, Hongshun Xiangtai was wholly owned by Dr. Zhang. As a result, Dr. Zhang is deemed to be interested in the 117,449,624 A Shares held by Hongshun Xiangtai.
- (4) Pursuant to the Concert Party Agreement dated June 10, 2015, as amended and supplemented by the Supplemental Agreement to the Concert Party Agreement dated January 21, 2021, Hongshun Xiangtai (wholly owned by Dr. Zhang), Baoli Hongya (wholly owned by Ms. Zhang), Power Trend (indirectly wholly owned by Ms. Wen Li), Ms. Zhang and Mr. Lin Lin agreed that, among others, for so long as Hongshun Xiangtai remains a Shareholder, they would act in concert with Hongshun Xiangtai in respect of matters related to business decisions, including exercising voting rights at the Shareholders' meetings, the right to submit proposals to the Board and the Shareholders' meetings, and the right to nominate Directors, independent Directors, and supervisors. As a result, each of Hongshun Xiangtai, Baoli Hongya, Power Trend, Dr. Zhang, Ms. Zhang, Mr. Lin Lin and Ms. Wen Li was deemed to be interested in all the Shares in which each of them is interested under the SFO.
- (5) As of the Latest Practicable Date, Dr. Zhang's spouse, Ms. Wen Li, indirectly held 28,792,495 A Shares in the Company. By virtue of the SFO, Dr. Zhang is deemed to be interested in the Shares held by his spouse.
- (6) As of the Latest Practicable Date, Baoli Hongya was wholly owned by Ms. Zhang. As a result, Ms. Zhang is deemed to be interested in the 50,712,118 A Shares held by Baoli Hongya.
- (7) As of the Latest Practicable Date, Ms. Liu Ming was the general partner of Beijing Gaodi Datian Investment Management Center (Limited Partnership) (北京高迪達天投資管理中心(有限合夥)). As a result, Ms. Liu is deemed to be interested in the 43,648 A Shares held by Beijing Gaodi Datian Investment Management Center (Limited Partnership).

Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

Save as disclosed in "Substantial Shareholders," immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing), our Directors are not aware of any other person (not being a Director or chief executive of our Company)

who will have interest and/or short position (as applicable) in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company.

(b) Interests of the Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (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:

<u>Name of Members of our Group</u>	<u>Name of Shareholder(s)</u>	<u>Percentage of Shareholding</u>
SHEN AN MICRO CO., LTD. (杭州深諳微電子科技有限公司)	Hangzhou Lixin Enterprise Management Consulting Partnership (Limited Partnership) (杭州勵新企業管理諮詢合夥企業 (有限合夥))	14.40%
SHEN AN MICRO CO., LTD. (杭州深諳微電子科技有限公司)	Harmonious Surpassing Small and medium-sized Enterprise Development Fund (Yixing) Partnership (Limited Partnership) (和諧超越中小企業發展基金 (宜興) 合夥企業 (有限合夥))	10.00%
SHEN AN MICRO CO., LTD. (杭州深諳微電子科技有限公司)	Hangzhou Lixing Enterprise Management Partnership (Limited Partnership) (杭州勵行企業管理合夥企業 (有限合夥))	10.00%
GANRUI TECH (CHANGZHOU) CO., LTD. (感睿智能科技 (常州) 有限公司)	GLW Technology Limited (諾虹技術有限公司)	22.6872%
TeraDevices Inc. (上海億存芯半導體有限公司)	Yuan Qingpeng (袁慶鵬)	22.4582%

Disclaimers

- (i) Save as disclosed in “History, Development and Corporate Structure,” none of our Directors nor any of the experts referred to under the paragraph headed “— Other Information — Qualifications of Experts” below has any direct or indirect interest in the promotion of our Company, or in any assets which have, within the two years immediately preceding the date of this prospectus, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.
- (ii) Save in connection with the Underwriting Agreements, none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.
- (iii) Save in connection with the Underwriting Agreements, none of the experts referred to under the paragraph headed “— Other Information — Qualifications of Experts” below is interested legally or beneficially in any shares in any member of the Group, or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

- (iv) Save as disclosed in “Relationship with our Controlling Shareholders,” none of our Directors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.
- (v) Save as disclosed in “Business,” so far as is known to our Directors, none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group during the Track Record Period.

SHARE INCENTIVE PLANS

The following is a summary of the key terms of the Share Incentive Plans currently being implemented by our Company, including the 2021 Share Incentive Plan, the 2022 Share Incentive Plan, the 2023 Share Incentive Plan, the 2025 Share Incentive Plan and the 2025 Second Tranche Share Incentive Plan. The terms of Share Incentive Plans do not involve any grant of Share Incentives by our Company after the Listing and are not subject to the provisions of Chapter 17 of the Listing Rules. The terms of the Share Incentive Plans are summarized below.

Purpose

The purposes of the Share Incentive Plans are to further establish and improve our long-term incentive mechanism, attract and retain outstanding talents, and fully motivate their enthusiasm and innovation to enhance cohesion and core competitiveness of our Company. The Share Incentive Plans are implemented to align the interests of our Shareholders, our Company and our core team members, which is beneficial to the sustainable development of our Group and ensures the realization of our development strategy and business objectives.

Type of Share Incentives

The Share Incentives are granted in two forms: (i) restricted stocks and (ii) stock options. Under the 2021 Share Incentive Plan, we may grant restricted stocks to eligible participants. Under the 2022 Share Incentive Plan, the 2023 Share Incentive Plan, the 2025 Share Incentive Plan and the 2025 Second Tranche Share Incentive Plan, we may grant stock options to eligible participants.

The A Shares underlying the restricted stocks or the stock options under the Share Incentive Plans can only be issued after the vesting or exercise thereof.

Administration

Each of the Share Incentive Plans is subject to the approval of our Company’s general meeting, administration of the Board and the supervision of the Company’s supervisory committee and independent non-executive Directors.

Participants

Participants under the Share Incentive Plans include (as the case may be), (i) core management personnels, (ii) core technical/business employees, and (iii) senior management members of our

Company, but do not include (i) independent non-executive Directors, (ii) supervisors, and (iii) Shareholders who, individually or in aggregate, holding 5% or more of the Shares of our Company, or actual controller(s) and their respective spouse, parents and children.

Source and Maximum Number of Shares

The underlying Shares for the Share Incentives are new A Shares to be issued by our Company. The number of Shares granted to any individual grantee under all the share incentive plans of our Company currently in effect shall not exceed 1% of our Company's total share capital.

Subject to the adjustment mechanisms set out in the section headed “— Adjustment” below, the maximum number of Share Incentives initially available to be granted under each Share Incentive Plan is as follows:

<u>Share Incentive Plan</u>	<u>Maximum number of Shares corresponding to initial Share Incentives that may be granted</u>
2021 Share Incentive Plan	2,100,000 A Shares
2022 Share Incentive Plan	4,760,000 A Shares
2023 Share Incentive Plan	10,325,000 A Shares
2025 Share Incentive Plan	12,500,000 A Shares
2025 Second Tranche Share Incentive Plan	12,700,000 A Shares

Save for the Share Incentives that have already been granted under the Share Incentive Plans and disclosed in this prospectus, there are no additional Share Incentives available for grant under the Share Incentive Plans.

Date of Grant and Term of the Plan

The grant date of Share Incentives shall be determined by the Board after the approval of the Share Incentive Plans by the Shareholders at a general meeting. Unless otherwise stipulated by laws and regulations, the grant date must be a trading day of the Shenzhen Stock Exchange. The grant of Share Incentives is subject to the approval of the Board and shall be registered and announced within 60 days after the approval of the Share Incentive Plans at a general meeting.

The term of the Share Incentive Plans shall commence from the date of the completion of the first tranche of the grant of Share Incentives under the relevant plans and continue until the Share Incentives are fully exercised, canceled, vested, or lapsed, whichever is earlier. This term shall not exceed 72 months or 75 months, as applicable.

Conditions to the Grant of Share Incentives

Share Incentives will only be granted to eligible participants if the following conditions are fulfilled:

- (i) With respect to our Company, none of the following circumstances having occurred:
 - (a) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to our accountant's report for the most recent fiscal year;
 - (b) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountant with respect to the internal control report contained in accountant's report for the most recent fiscal year;

- (c) our Company has failed to distributed profits in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing on the Shenzhen Stock Exchange;
 - (d) implementation of any share incentive plan is prohibited under applicable laws and regulations; or
 - (e) any other circumstances determined by the CSRC.
- (ii) With respect to a grantee, none of the following circumstances having occurred:
- (a) he or she has been regarded as an inappropriate participant by a stock exchange within the last 12 months;
 - (b) he or she has been regarded as an inappropriate participant by the CSRC or its local office within the last 12 months;
 - (c) he or she has been punished or prohibited from entering into the securities market by the CSRC or its local office due to material non-compliance of laws and regulations within the last 12 months;
 - (d) he or she is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (e) he or she is prohibited from participating in any share incentive plans of listed companies according to applicable laws and regulations; or
 - (f) any other circumstances determined by the CSRC.

No consideration is paid/payable for the eligible participants to be granted Share Incentives under the Share Incentive Plans.

Lock-up Arrangements

The lock-up arrangements under the Share Incentive Plans are determined according to the Articles of Association and applicable PRC laws and regulations:

- (i) if the grantee is a Director or a senior management of our Company, the Shares to be transferred each year during his or her tenure shall not exceed 25% of the total Shares he or she holds. No Shares held by such Director or senior management may be transferred within six months after termination of his or her employment;
- (ii) if the grantee is a Director or senior management of our Company, income gained through sale of Shares within six months of the purchase or repurchase of Shares of our Company within six months of the sale, shall belong to our Company and be reclaimed by the Board; and
- (iii) if there is any change in the applicable laws and regulations or the relevant provisions of the Articles of Association on the foregoing lock-up requirements within the term of the Share Incentive Plan, the grantee shall comply with the amended laws and regulations and the Articles of Association.

Vesting/Exercise of Share Incentives

The Share Incentives will be vested or exercised when (i) the conditions set out in the section headed “— Conditions to the Grant of Share Incentives” above are fulfilled; and (ii) the performance targets of our Company and the grantees as set out under the relevant plans are achieved. The granted Share Incentives will be vested/exercised in accordance with the schedules under the relevant plans after the lock-up period as follows:

<u>Share Incentive Plan</u>	<u>Type of Share Incentives</u>	<u>Vesting schedule (for restricted stock) and exercise schedule (for stock options)</u>
2021 Share Incentive Plan	Restricted stocks	The restricted stocks may be vested in four tranches of 22%, 24%, 26% and 28% during the respective 12-month periods between the first trading date after the 12 months from the date of grant and the last trading day within the 60 months of the date of grant.
2022 Share Incentive Plan	Stock options	The stock options, may be exercised in four tranches of 22%, 24%, 26% and 28% during the respective 12-month periods between the first trading date after the 15 or 12 months (as the case may be) from the date of grant and the last trading day within the 63 or 60 months (as the case may be) of the date of grant.
2023 Share Incentive Plan, 2025 Share Incentive Plan and 2025 Second Tranche Share Incentive Plan	Stock options	The stock options may be exercised in four tranches of 22%, 24%, 26% and 28% during the respective 12-month periods between the first trading date after the 12 months from the date of grant and the last trading day within the 60 months of the date of grant.

Grant Price or Exercise Price

The grant/exercise price of each Share Incentive shall not be lower than the nominal value of each A Share and, in principle, shall not be lower than (as the case may be stipulated in the relevant Share Incentive Plans):

<u>Share Incentive Plan</u>	<u>Type of Share Incentives</u>	<u>Grant price (for restricted stock) and exercise price (for stock options)</u>
2021 Share Incentive Plan	Restricted stocks	(i) RMB200 per Share; or (ii) should be no less than 50% of the average trading price of the A Shares over the following periods prior to the announcement of the Share Incentive Plans: (A) one trading day or (B) 20, 60 or 120 trading days
2022 Share Incentive Plan	Stock options	(i) RMB133 per Share; or (ii) should be no less than 75% of the average trading price of the A Shares over the following periods prior to the announcement of the Share Incentive Plans: (A) one trading day or (B) 20, 60 or 120 trading days
2023 Share Incentive Plan	Stock options	(i) RMB66 per Share; or (ii) should be no less than 75% of the average trading price of the A Shares over the following periods prior to the announcement of the Share Incentive Plans: (A) one trading day or (B) 20, 60 or 120 trading days

Share Incentive Plan	Type of Share Incentives	Grant price (for restricted stock) and exercise price (for stock options)
2025 Share Incentive Plan	Stock options	(i) RMB96 per Share; or (ii) should be no less than 75% of the average trading price of the A Shares over the following periods prior to the announcement of the Share Incentive Plans: (A) one trading day or (B) 20, 60 or 120 trading days
2025 Second Tranche Share Incentive Plan	Stock options	(i) RMB72.6 per Share; or (ii) should be no less than 75% of the average trading price of the A Shares over the following periods prior to the announcement of the Share Incentive Plans: (A) one trading day or (B) 20, 60 or 120 trading days

Adjustment

Subject to the other terms and conditions contained in the Share Incentive Plans, the number and/or exercise price of granted Share Incentives may be adjusted upon the occurrence of certain events from the date of the announcement of the relevant Share Incentive Plan to the completion of relevant registration or exercise by the grantee. These events include, as the case may be, (i) capitalization of reserves, (ii) distribution of stock dividends, (iii) distribution of cash dividends, (iv) share subdivision, and (v) share issuance or share consolidation.

Outstanding Share Incentives

As of the Latest Practicable Date, the number of the outstanding Share Incentives granted under the Share Incentive Plans was 29,363,143, representing approximately 4.35% of the issued Shares immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing). If all outstanding Share Incentives granted under the Share Incentive Plans (including both the restricted stocks and the stock options) are fully vested or exercised, assuming the Over-allotment Option is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing, the issued and outstanding Shares held by Shareholders following completion of the Global Offering will be diluted by approximately 4.17%. The dilutive effect on our earnings per share will be approximately 4.17%.

The following table sets forth the details of outstanding Share Incentives granted to all grantees (including Directors, senior management members, other connected persons and employees of our Company) under the Share Incentive Plans as of the Latest Practicable Date.

Grantee	Position in our Group	Address	Date of grant	Type of Share Incentives	Number of outstanding Share Incentives	Grant/Exercise price (per Share) ⁽²⁾	Vesting period (for restricted stocks) / Exercise period (for stock options)	Approximately % of the issued Shares immediately after the Global Offering ⁽¹⁾
Director or senior management members								
Ms. Zhang Xuan	Finance Director of the Company	Room 402 Building 1 Xinfeng North Street Xicheng District Beijing PRC	August 17, 2022 September 13, 2023 June 11, 2025 March 27, 2026	Stock options Stock options Stock options Stock options	22,714 56,160 104,000 50,000	RMB78.09 RMB50.34 RMB55.49 RMB57.80	15 months 12 months 12 months 12 months	0.00%* 0.01% 0.02% 0.01%
Other grantees								
Employees	—	—	—	Stock options/ restricted stocks	29,130,269	—	—	4.32%
Total					29,363,143			4.35%

(1) Assuming (i) the Over-allotment Option is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing.

(2) Adjusted from the initial grant/exercise price due to distribution of dividends by the Company pursuant to the terms of the relevant Share Incentive Plans.

* Denotes less than 0.005%

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

The following table sets forth the details of outstanding Share Incentives granted to other grantees (excluding Directors, senior management members and other connected persons of our Company) under the Share Incentive Plans, categorized by the number of underlying A Shares, as of the Latest Practicable Date:

Range of outstanding Share Incentives	Number of grantees	Number of outstanding Share Incentives	Grant/Exercise price (per Share)	Vesting Period (for restricted stocks)/ Exercise period (for stock options)	Approximately % of the issued Shares immediately after the Global Offering ⁽¹⁾
1 to 29,999	1,438	12,343,835	RMB78.09	12 months	1.83%
			RMB78.09	15 months	
			RMB50.34	12 months	
			RMB44.26	12 months	
			RMB73.49	12 months	
			RMB55.49	12 months	
			RMB57.80	12 months	
30,000 to 99,999	201	10,155,699	RMB78.09	12 months	1.50%
			RMB78.09	15 months	
			RMB50.34	12 months	
			RMB44.26	12 months	
			RMB73.49	12 months	
			RMB55.49	12 months	
			RMB57.80	12 months	
100,000 and above	35	6,630,735	RMB78.09	12 months	0.98%
			RMB78.09	15 months	
			RMB50.34	12 months	
			RMB44.26	12 months	
			RMB73.49	12 months	
			RMB55.49	12 months	
			RMB57.80	12 months	
Total	1,674	29,130,269			4.32%

(1) Assuming (i) the Over-allotment Option is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing.

The following table sets forth the details of outstanding Share Incentives granted to other grantees (excluding our Directors, senior management members and connected persons) under each Share Incentive Plan as of the Latest Practicable Date:

Share Incentive Plans	Date of grant	Type of Share Incentives	Number of grantees ⁽²⁾	Number of A Shares underlying the outstanding Share Incentives	Grant/Exercise price (per Share) ⁽³⁾	Vesting Period (for restricted stocks)/ Exercise period (for stock options)	Approximately % of the issued Shares immediately after the Global Offering ⁽¹⁾
2021 Share Incentive Plan	April 14, 2022	Restricted stocks	255	397,948	RMB78.09	12 months	0.06%
2022 Share Incentive Plan	August 17, 2022	Stock options	582	1,312,884	RMB78.09	15 months	0.19%
2023 Share Incentive Plan	September 13, 2023	Stock options	1,028	5,618,488	RMB50.34	12 months	0.83%
	August 29, 2024	Stock options	454	2,033,529	RMB44.26	12 months	0.30%
2025 Share Incentive Plan	May 6, 2025	Stock options	15	314,340	RMB73.49	12 months	0.05%
2025 Second Tranche Share Incentive Plan	June 11, 2025	Stock options	1,440	12,951,380	RMB55.49	12 months	1.92%
2025 Share Incentive Plan	March 27, 2026	Stock options	434	3,199,900	RMB57.80	12 months	0.47%
2025 Second Tranche Share Incentive Plan	March 27, 2026	Stock options	496	3,301,800	RMB57.80	12 months	0.49%
Total				29,130,269			4.32%

(1) Assuming (i) the Over-allotment Option is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the Listing.

(2) The individual grantees may have Share Incentives granted in one or more of the Share Incentive Plans.

(3) Adjusted from the initial grant/exercise price due to distribution of dividends by the Company pursuant to the terms of the relevant Share Incentive Plans.

OTHER INFORMATION

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.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Joint Sponsors

Each of the Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. A fee of US\$600,000 is payable by our Company to the Joint Sponsors to act as the sponsors to our Company in connection with the Listing.

Preliminary Expense

Our Company did not incur any material preliminary expense.

Promoters

The promoters of our Company as of May 24, 2012 before our conversion into a joint stock company with limited liability are as follows:

No.	Name of promoters of our Company
1. .	Hongshun Xiangtai
2. .	Baoli Hongya
3. .	Harbin Junlin Investment Consulting Co., Ltd. (哈爾濱珺霖投資諮詢有限公司)
4. .	IPV Capital I HK Limited (盈富泰克太平洋香港投資有限公司)
5. .	CV VI Holding, Limited (世紀維盛控股有限公司)
6. .	Power Trend
7. .	Honor Base (Hong Kong) Holdings Limited (榮基香港控股有限公司)
8. .	Beijing Jinhua Tianda Investment Management Center (Limited Partnership) (北京金華添達投資管理中心 (有限合夥))
9. .	SPM Capital, LLC (薩銳資本有限公司)
10.	Beijing Yinghua Ruishi Investment Management Center (Limited Partnership) (北京盈華銳時投資管理中心 (有限合夥))
11.	Beijing Gaodi Datan Investment Management Center (Limited Partnership) (北京高迪達天投資管理中心 (有限合夥))
12.	Grand Fame International Limited (鵬成國際有限公司)
13.	Qingdao Hengsheng Guangmao Investment Management Co., Ltd. (青島恒升廣茂投資管理有限公司)
14.	Bloom China Corporation Limited (華揚興業有限公司)

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 any promoters in connection with the Global Offering or the related transactions described in this prospectus.

Qualifications of Experts

The qualifications of the experts who have given opinions or advice in this prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for carrying on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation under the SFO for carrying on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO

<u>Name</u>	<u>Qualification</u>
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
JunHe LLP	PRC Legal Adviser
Jun He Law Offices LLC	Sanctions Legal Adviser as to international sanctions laws
JunHe LLP	Sanctions Legal Adviser as to PRC sanctions laws
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent Industry Consultant

Consents of Experts

Each of the experts referred to in the paragraph headed “— Qualifications of Experts” above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters or opinions (as the case may be) and the references to its name included herein in the form and context in which they are included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or our subsidiary or rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. See “Taxation and Foreign Exchange — Taxation in Hong Kong” in Appendix III to this prospectus.

No Material Adverse Change

Our Directors confirm that, there has been no material adverse change in our business, financial condition and results of operations since December 31, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report in Appendix I to this prospectus.

Binding Effect

This prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as far as applicable.

Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

- (i) Save as disclosed herein, within the two years immediately preceding the date of this prospectus:
 - (a) no share or loan capital or debenture of our Company or our subsidiary has been issued or agreed to be issued or is proposed to be issued for cash or as fully or partially paid other than in cash or otherwise; and
 - (b) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or our subsidiary.
- (ii) No share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option.
- (iii) There are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries.
- (iv) Our Company has no outstanding convertible debt securities or debentures.
- (v) There have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months.
- (vi) There are no arrangements under which future dividends are waived or agreed to be waived.
- (vii) All necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement.
- (viii) Save for the A Shares of our Company that are listed on the Shenzhen Stock Exchange, and save for the H Shares to be issued in connection with the Global Offering, none of the equity or debt securities of our Company, if any, are listed or dealt with in any other stock exchange nor is any listing or permission being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (i) the written consents referred to in the paragraph headed “Statutory and General Information — Other Information — Consents of Experts” in Appendix VI to this prospectus; and
- (ii) a copy of the material contract referred to in the paragraph headed “Statutory and General Information — Further Information about Our Business — Summary of Material Contract” in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at www.hkexnews.hk and our website at www.sg-micro.com during a period of 14 days from the date of this prospectus:

- (i) the Articles of Association;
- (ii) the Accountants’ Report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (iii) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (iv) the report on review of the unaudited interim condensed consolidated financial information of our Group for the three months ended March 31, 2026 from Ernst & Young, the text of which is set out in the section headed “Unaudited Interim Condensed Consolidated Financial Information” in Appendix IA to this prospectus;
- (v) the report prepared by Ernst & Young on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
- (vi) the written consents referred to in the paragraph headed “Statutory and General Information — Other Information — Consents of Experts” in Appendix VI to this prospectus;
- (vii) the material contract referred to in the paragraph headed “Statutory and General Information — Further Information about Our Business — Summary of Material Contract” in Appendix VI to this prospectus;
- (viii) the service contracts and the letters of appointment referred to in the paragraph headed “Statutory and General Information — Further Information about Our Directors and Substantial Shareholders — Particulars of Directors’ Service Contracts and Letters of Appointment” in Appendix VI to this prospectus;
- (ix) the PRC legal opinion issued by JunHe LLP, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under PRC law;
- (x) the legal memorandum issued by Jun He Law Offices LLC and JunHe LLP, our Sanctions Legal Adviser;

- (xi) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in “Industry Overview”; and
- (xii) the PRC Company Law, the PRC Securities Law and the Trial Measures for Overseas Listing, together with their unofficial English translations.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of grantees under the Share Incentive Plans, containing all the particulars as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules and paragraph 10 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Cooley HK at 35/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus.

