
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.

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<u>Year</u>	<u>Milestone</u>
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,

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- (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.

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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

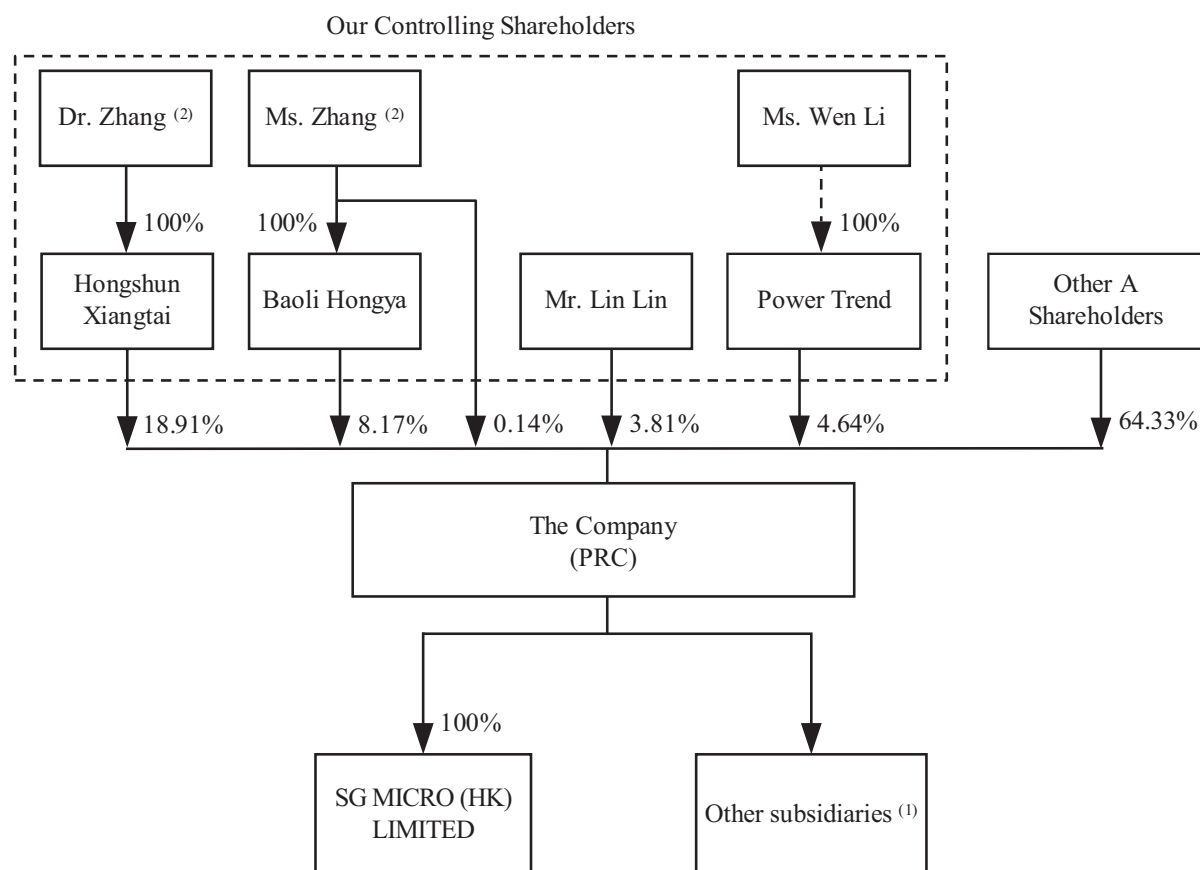
Under Rule 19A.13C of the Listing Rules, a PRC issuer with other listed shares at the time of listing must ensure that the portion of H shares for which listing is sought that are held by the public and that are not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable 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.

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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.

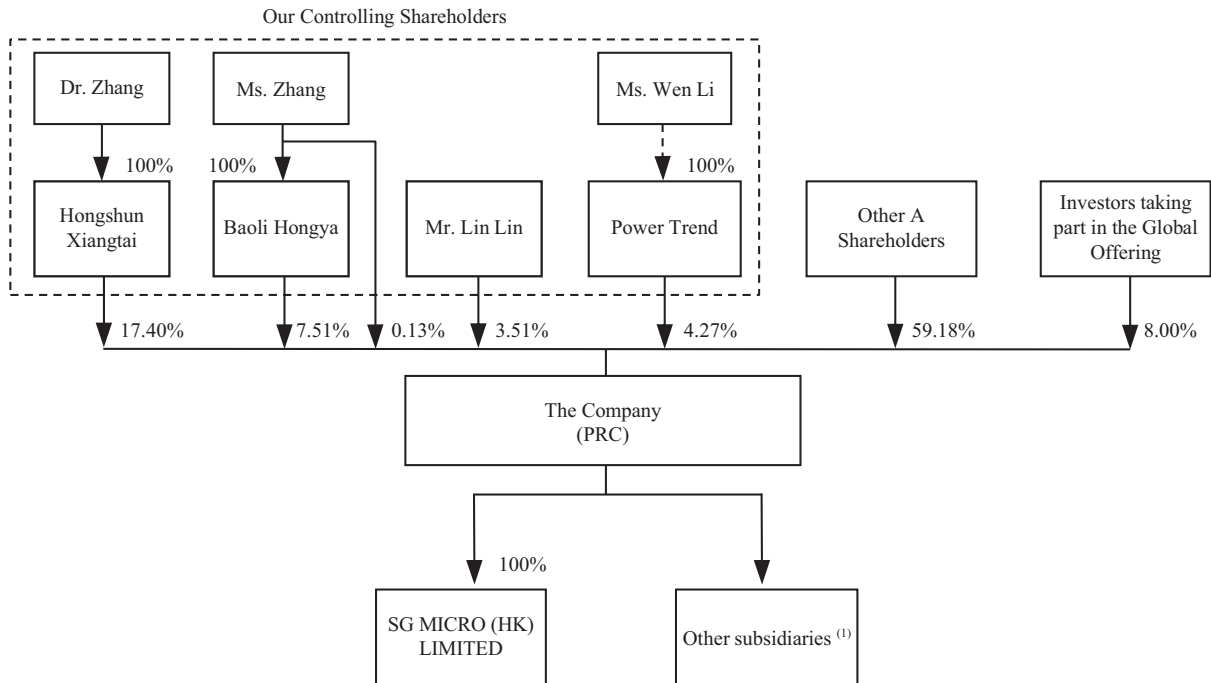
As of the Latest Practicable Date, the Company held approximately 68.9918% equity interest in GANRUI TECH (CHANGZHOU) CO., LTD. (感睿智能科技 (常州) 有限公司) and the remaining equity interest was held as to 22.6872% by GLW Technology Limited (諾虹技術有限公司) and 8.3210% by Changzhou Changfeng Enterprise Management Partnership (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.

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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.