



OmniVision Integrated Circuits Group, Inc.
豪威集成電路(集團)股份有限公司

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

Stock code: 0501

**GLOBAL
OFFERING**

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

UBS CICC PASCHK GF Securities

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

Haitong International CITIC Securities

Joint Lead Manager

TMS

IMPORTANT

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



OmniVision Integrated Circuits Group, Inc. 豪威集成電路（集團）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	: 45,800,000 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 4,580,000 H Shares (subject to reallocation)
Number of International Offer Shares	: 41,220,000 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$104.80 per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB1.00 per H Share
Stock code	: 0501

Joint Sponsors, Overall Coordinators, Joint Global Coordinators,

Joint Bookrunners and Joint Lead Managers

UBS CICC PASCHK GF Securities

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners

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A copy of this document, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this document or any other document 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 us on or before Thursday, January 8, 2026 (Hong Kong time). If, for any reason, the Offer Price is not agreed by 12:00 noon on Thursday, January 8, 2026 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse. The Offer Price will be no more than HK\$104.80 per Offer Share unless otherwise announced.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate and with our consent, reduce the number of Offer Shares being offered under the Global Offering that is stated in this document at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for further details.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise 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 document, 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 of the United States and may not be offered or sold within or to the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with 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 document to the public.

This document is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.omnivision-group.com. If you require a printed copy of this document, you may download and print from the website addresses above.

December 31, 2025

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 printed copies of this document in relation to the Hong Kong Public Offering.

This document is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.omnivision-group.com. You may download and print from these website addresses if you want a printed copy of this document.

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

- (1) apply online via 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 an 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 document are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

Please refer to the section headed “How to Apply for Hong Kong Offer Shares” in this document for further details on 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 made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **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.

IMPORTANT

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

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	10,585.69	2,500	264,642.26	30,000	3,175,707.25	600,000	63,514,144.80
200	21,171.38	3,000	317,570.72	40,000	4,234,276.32	700,000	74,099,835.60
300	31,757.08	3,500	370,499.17	50,000	5,292,845.40	800,000	84,685,526.40
400	42,342.76	4,000	423,427.63	60,000	6,351,414.48	900,000	95,271,217.20
500	52,928.45	4,500	476,356.09	70,000	7,409,983.55	1,000,000	105,856,908.00
600	63,514.14	5,000	529,284.55	80,000	8,468,552.65	1,500,000	158,785,362.00
700	74,099.83	6,000	635,141.45	90,000	9,527,121.72	2,000,000	211,713,816.00
800	84,685.53	7,000	740,998.36	100,000	10,585,690.80	2,290,000 ⁽¹⁾	242,412,319.32
900	95,271.22	8,000	846,855.27	200,000	21,171,381.60		
1,000	105,856.91	9,000	952,712.17	300,000	31,757,072.40		
1,500	158,785.36	10,000	1,058,569.08	400,000	42,342,763.20		
2,000	211,713.81	20,000	2,117,138.15	500,000	52,928,454.00		

- (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.

EXPECTED TIMETABLE⁽¹⁾

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

Date⁽¹⁾

Hong Kong Public Offering commences	9:00 a.m. on Wednesday, December 31, 2025
Latest time to complete electronic applications under the HK eIPO White Form service through the designated website www.hkeipo.hk ⁽²⁾	11:30 a.m. on Wednesday, January 7, 2026
Application lists of the Hong Kong Public Offering open ⁽³⁾	11:45 a.m. on Wednesday, January 7, 2026
Latest time to (a) complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) give electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Wednesday, January 7, 2026
If you are instructing your broker or custodian who is a HKSCC Participant will submit electronic application instructions 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 of the Hong Kong Public Offering close ⁽³⁾	12:00 noon on Wednesday, January 7, 2026
Expected Price Determination Date ⁽⁵⁾	at or before 12:00 noon on Thursday, January 8, 2026
Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.omnivision-group.com ⁽⁶⁾	no later than 11:00 p.m. on Friday, January 9, 2026

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:

- (1) A full announcement of the Hong Kong Public Offering to be published on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.omnivision-group.com⁽⁶⁾ no later than 11:00 p.m. on Friday, January 9, 2026
- (2) Results of allocations in the Hong Kong Public Offering will be available at the "Allotment Results" page on the designated results of allocations website at www.tricor.com.hk/ipo/result or www.hkeipo.hk/IPOResult with a "search by ID" function on a 24-hour basis from 11:00 p.m. on Friday, January 9, 2026 to 12:00 midnight on Thursday, January 15, 2026
- (3) Allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, January 12, 2026 to Thursday, January 15, 2026 (excluding Saturday, Sunday and public holiday in Hong Kong)

EXPECTED TIMETABLE⁽¹⁾

Despatch of H Share certificates in respect of wholly or partially successful applications, or deposit of H Share certificate into CCASS pursuant to Hong Kong Public Offering, on or before ⁽⁷⁾⁽⁹⁾	Friday, January 9, 2026
Despatch of refund checks and HK eIPO White Form e-Auto Refund payment instructions in respect of (i) wholly or partially successful applications (if applicable) and (ii) wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before ⁽⁸⁾⁽⁹⁾	Monday, January 12, 2026
Dealings in H Shares on the Stock Exchange expected to commence	at 9:00 a.m. on Monday, January 12, 2026

The application for the Hong Kong Offer Shares will commence on Wednesday, December 31, 2025 through Wednesday, January 7, 2026, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Monday, January 12, 2026.

Notes:

- (1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider 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 on or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is 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 Wednesday, January 7, 2026, the application lists will not open or close on that day. See “How to Apply for Hong Kong Offer Shares—E. Severe Weather Arrangements” in this document.
- (4) Applicants who apply for Hong Kong Offer Shares by instructing your broker or custodian to give **electronic application instructions** to HKSCC on your behalf via FINI should see “How to Apply for Hong Kong Offer Shares—A. Application for Hong Kong Offer Shares—2. Application Channels” in this document.
- (5) The Price Determination Date is expected to be on or before Thursday, January 8, 2026, and in any event, not later than 12:00 noon on Thursday, January 8, 2026. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and us by 12:00 noon on Thursday, January 8, 2026, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this document.
- (7) H Share certificates for the Offer Shares will become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) none of the Underwriting Agreements have been terminated in accordance with its terms.
- (8) **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. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.
- (9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed “How to Apply for Hong Kong Offer Shares—D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this document for details.

For applicants who apply through the **HK eIPO White Form** service and paid the application monies from a single bank account, **HK eIPO White Form** e-Auto Refund payment instructions (if any) will be despatched to their application payment bank account. For applicants who apply through the **HK eIPO White Form** service and used multi-bank accounts to pay the application monies, refund check (if any) will be despatched to the address specified in their electronic application instruction in the form of refund cheques in favor of the applicant (or, in the case of joint applications, the first-named applicant) at their own risk.

Any uncollected H Share certificates will be despatched by ordinary post, at the applicants’ risk, to the addresses specified in the relevant applications.

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

The above expected timetable is a summary only. See the sections headed “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this document for details of the structure and conditions of the Global Offering, as well as the application procedures for Hong Kong Public Offering.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This document is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares by this document pursuant to the Hong Kong Public Offering. This document 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 document in any jurisdiction other than Hong Kong. The distribution of this document 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 document 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 document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by us, any of the Joint Sponsors, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, 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.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document carefully before you decide to invest in the Offer Shares.

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 that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a global fabless semiconductor design company, with CMOS image sensor (CIS) being our major product. We are distinguished by our proprietary technologies, diversified products and solution portfolio, flexible fabless business model, and extensive customer network and supply chain ecosystems.

We are currently engaged in three main business lines: advanced digital imaging solutions, display solutions and analog solutions, and continue to expand our product and solution offerings so as to serve high-growth verticals such as smartphone, automobile, medical, surveillance, and emerging markets (machine vision, smart glasses, and Edge AI). Our comprehensive suite of business lines and strong design capabilities enable us to design, develop, and market a wide range of highly integrated semiconductor solutions designed for mission-critical applications across diverse industry verticals.

In particular, we are the third largest digital image sensor providers globally, with a market share of 13.7% based on revenue from digital imaging solutions in 2024, according to Frost & Sullivan. Our technology expertise and ability to provide reliable services have helped us establish brand awareness and achieve solid market recognition globally.

OUR FLEXIBLE AND EFFICIENT FABLESS BUSINESS MODEL

We employ a fabless manufacturing strategy, allowing us to concentrate on the design and sales of semiconductor products and solutions while collaborating with world-leading suppliers for wafer fabrication, packaging, and testing. The fabless model offers a wide range of advantages, including (i) greater operational flexibility, (ii) access to leading manufacturing technologies through strategic partnerships, and (iii) the ability to quickly adapt to market demands while achieving higher production efficiency. In markets where technology evolves rapidly and semiconductor innovation drives continuous advancement, our fabless model enables us to respond swiftly to shifting market demands without incurring substantial capital expenditures. This flexibility allows us to upgrade our technology solutions more efficiently and cost-effectively.

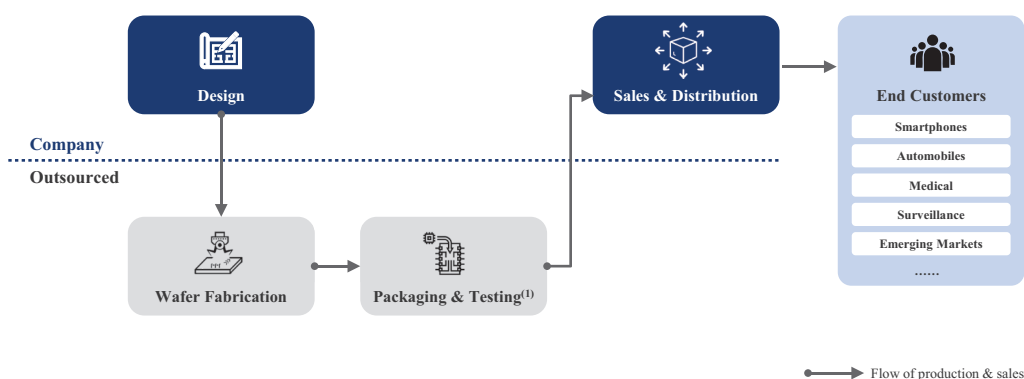
We have maintained long-standing partnership with world-leading foundries with whom we work collaboratively to leverage their facilities. As wafer fabrication becomes increasingly sophisticated, this relationship ensures our products remain at the forefront of innovation.

While we outsource both front-end and back-end manufacturing, as well as packaging processes, a majority of testing is conducted at our in-house final testing facilities to establish an

SUMMARY

effective product-test-feedback loop, with the rest of testing outsourced, mainly for our earlier-generation products. This approach not only ensures better quality control but also enhances our design expertise by providing valuable insights from testing outcomes. Additionally, our in-house capabilities offer a capacity buffer in addition to outsourced testing processes, further strengthening our ability to deliver reliable semiconductor solutions. Testing is becoming increasingly important as the company's business in the automotive vertical grows given the very stringent industry requirements of those customers.

We believe our fabless business model reduces our capital requirements, operating expenses and time to market, allowing us to concentrate our resources on strengthening our core competencies in research and development, technological innovation, and product design.



Note:

(1) We have also established in-house final testing facilities, through which we are able to obtain timely feedback on product performance, and establish an efficient R&D iteration process.

OUR DIVERSIFIED PRODUCTS AND SOLUTIONS

As we advance our technology development with greater complexity and deeper integration into application-specific solutions, we offer a diversified portfolio of image sensors, display products, analog ICs, and other semiconductor components. Our products and solutions power electronic devices that have become integral to—and enhanced—people's daily lives. By leveraging our strong design capabilities and collaborations with third-party foundries across our three core business lines, we continuously expand our product offerings, that cater to various end markets.

Our semiconductor design and sales business delivers advanced digital imaging solutions, display solutions, and analog solutions for a wide variety of consumer and industrial applications, providing ICs designed in-house to address specific industry needs. Our semiconductor distribution business sources semiconductor products from world-class semiconductor suppliers and leading players in both domestic and international markets, to serve the evolving needs of our diverse customer base. Our semiconductor distribution business distributes semiconductor components that differ from products we design in terms of category, functionality and performance, primarily including electronic components, structural devices, discrete semiconductors, modules and ICs addressing general industry needs. Semiconductor distribution complements our self-designed semiconductor products and solutions, broadens and deepens our customer engagement, and provides valuable insights into our product design and development. The revenue from our semiconductor design and sales business, as well as our semiconductor distribution business, are both predominantly product sales in nature.

SUMMARY

Advanced Digital Imaging Solutions. We offer a diverse range of image sensor solutions, which serve end customers across a wide variety of industries such as consumer electronics, automobile, medical, surveillance and in emerging markets (machine vision, smart glasses, and Edge AI).

Display Solutions. We offer a wide range of display driver products, and we continue to invest in the development of automotive display driver solutions to introduce products that meet mainstream market demand specifications.

Analog Solutions. We design and develop a complex and diversified analog semiconductor portfolio consisting of advanced analog ICs and discrete semiconductors. These analog semiconductor products and solutions are widely used across multiple industries. We also design various analog ICs for automotive applications in vehicles, featuring automotive-grade specifications and a versatile supply chain.

Our major products and applications are set forth in the diagram below.



Semiconductor Distribution. In addition to our three principal business lines, we have built a large semiconductor distribution network in China, which not only broadens and deepens our customer engagement but also provides valuable insights into product development. Through close partnerships with OEMs, ODMs, and semiconductor solution providers, we extend our vertical reach and drive greater adoption of our semiconductor solutions.

OUR JOURNEY

Over the years, our business strategy has centered on identifying industries and customers with unmet needs, where our technology can address application challenges. This approach has enabled us to consistently innovate, refine, and apply our technological capabilities, driving organic growth and expanding our reach through strategic acquisitions. As a result, we have successfully evolved our business while maintaining a significant position in the semiconductor industry. In May 2017, we went public with our A Shares listed on the Shanghai Stock Exchange, marking a significant milestone in

SUMMARY

our growth. The acquisition in 2019 of OmniVision Technologies, one of the world's leading image sensor companies, further bolstered our market position and marked the beginning of a new era in our business development. See "History and Corporate Structure" for details on the acquisition, including more background information on OmniVision Technologies. In November 2023, we successfully listed GDRs on the SIX Swiss Exchange, enhancing our access to international capital markets. On June 11, 2025, we changed our corporate name to Omnivision Integrated Circuits Group, Inc. (豪威集成電路（集團）股份有限公司), which embodies our creative brand-led and world-leading digital imaging business, while also representing the deep heritage of our group. We believe our new corporate name represents a strong and distinct corporate identity, which comports with the trajectory of our corporate reinvention, which has always been on the intersection of business insight and technological innovation.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth:

- We are a global fabless semiconductor design company, distinguished by our broad spectrum of leading solutions, catered to our customers' specific needs;
- Our technological advancement and innovation capabilities;
- Long-term relationships with a robust customer base supported by products and solutions that demonstrate quality performance, achieve high cost efficiency, and accelerate time to market;
- A fabless model with scalable operations supported by our long-term partnerships with foundry partners; and
- We have an experienced and established team with strong industry and technical knowledge and expertise.

OUR STRATEGIES

Key elements of our strategy to solidify our position as a leading global fabless semiconductor company based on 2024 revenue, according to Frost & Sullivan, include:

- Continued strong investment in R&D in key technologies to further enhance our innovation capabilities;
- Deepen our presence in target markets, continuously enrich our product portfolio and solutions, optimize market opportunities, and further support and extend our market-leading position;
- Optimization of the opportunities being created by the broadening of our product portfolio and the resulting efficiencies across our platform;
- Continue to strengthen our engagement and collaboration with key stakeholders across our network and ecosystem; and
- Selectively conduct industry chain integration and strategic mergers and acquisitions.

OUR SALES AND MARKETING STRATEGY

Key industry leaders who target mass market applications often conduct a rigorous evaluation process to choose the most suitable semiconductor solutions for their upcoming products. A supplier's

SUMMARY

design emerging successful from the evaluation process is commonly referred to as a “design win”. This process usually involves multiple stages, such as technical proposal reviews, product benchmarking, system compatibility testing and engineering sample evaluations. Suppliers whose products outperform competitors in performance, efficiency, and cost-effectiveness may secure the design win, and the products will be integrated into the customer’s final system design. For example, we have multiple CIS products integrated into flagship smartphone models through such a design win process.

We work with our customers to design integrated solutions to enhance the performance and efficiency of their products. For example, in the image sensor space, our marketing efforts focus primarily on promoting the advantages of a single chip image sensor and supporting our customers at industry trade shows around the world. We work extensively with our customer’s management and engineers to help optimize our solution. After granting a design win, our customer will then decide when to start mass production for the specific product based on various factors including the competitiveness of their own product, the market demand for the product and other factors. Through our relationships, we have developed considerable expertise, and we use that expertise in assisting our customers to develop their products using our image sensors. We also provide reference designs and engineering design review and engineering product evaluation testing and debugging services for our customers.

We believe that good customer support at a technical level is extremely important in developing long term relationships with key customers. Once our solutions are incorporated into our customer’s design, it will likely be used for the life cycle of the customer’s product as a redesign, and subsequent requalification, of the product would generally be time-consuming and expensive. After our customer begins production of the IC, our application engineers, who are often geographically close to our end customers, support our solutions. We believe that our deep interaction with numerous levels of our customer’s management team helps us to understand our customers, fosters customer loyalty and increases visibility of the services that we can offer.

OUR RECENT ACHIEVEMENTS SUPPORTED BY ADVANCED TECHNOLOGY CAPABILITIES

Leveraging strong foundation and deep expertise in core technologies, extensive IP portfolio, and manufacturing process platform developed in collaboration with leading global suppliers, we have created a comprehensive suite of leading, award-winning technologies. In the smartphone CIS sector, we introduced the OV50X image sensor in April 2025 for flagship smartphones, which harnesses the capabilities of LOFIC to provide advanced single exposure HDR regardless of lighting conditions. In the automotive CIS sector, we launched OX08D10 8MP CIS, OX05D10 5MP CIS, OX12A10 12MP-resolution CIS and OX03H10 3MP-resolution CIS with TheiaCel® technology in succession, capable to meet next-generation ADAS and autonomous driving machine vision requirements. In the medical CIS sector, we launched the new OCH2B30 camera module in June 2024 for 3D intraoral dental scanners, providing ultrasmall camera modules to promote their application in dentistry. We also established a new machine vision department in 2024, and launched the new OP03050 and the new OG0TC BSI global shutter image sensor in July 2024 as part of our Edge AI initiative. See “Business—Our Recent Achievements Supported By Advanced Technology Capabilities” for more information.

SUMMARY

CUSTOMERS AND SUPPLIERS

Our end customers include many of the world's leading smartphone OEMs and ODMs, auto manufacturers, major notebook OEMs and ODMs, large medical equipment companies, surveillance devices manufacturers and a variety of consumer electronics manufacturers, who may purchase directly from us or through their contract manufacturers and supply chain partners. In 2022, 2023, 2024 and the six months ended June 30, 2025, our top five customers in each of such years/period contributed to 55.2%, 55.9%, 51.0% and 50.3% of our total revenue, respectively. Revenue from our largest customer in each year/period during the Track Record Period alone accounted for 24.8%, 30.0%, 27.8% and 25.8% of our total revenue during each of these periods, respectively.

Our suppliers are primarily third-party foundries and packaging and testing service providers. In 2022, 2023, 2024 and the six months ended June 30, 2025, our top five suppliers in each year/period contributed to 58.0%, 61.0%, 61.8% and 62.4% of our total purchases, respectively. Our largest supplier in each year/period during the Track Record Period accounted for 29.8%, 24.2%, 26.0% and 24.9% of our total purchase amount during each of year/period, respectively.

None of our top five customers/suppliers in each year/period during the Track Record Period was also a supplier/customer.

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 document. 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 document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Summary of Consolidated Statements of Comprehensive Income

The following table sets forth our consolidated statements of comprehensive income with line items in amounts and as percentages of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
	(in millions, except for percentages)									
Revenue	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0
Cost of sales	(15,299.0)	(76.3)	(16,800.8)	(80.1)	(18,467.6)	(71.8)	(8,685.8)	(71.8)	(9,818.1)	(70.4)
Gross profit	4,741.2	23.7	4,183.5	19.9	7,239.2	28.2	3,407.8	28.2	4,126.0	29.6
Selling and marketing expenses	(516.2)	(2.6)	(467.3)	(2.2)	(556.7)	(2.2)	(264.1)	(2.2)	(269.3)	(1.9)
General and administrative expenses	(799.3)	(4.0)	(662.6)	(3.2)	(1,070.9)	(4.2)	(368.4)	(3.0)	(383.5)	(2.8)
Research and development expenses	(2,518.5)	(12.6)	(2,239.4)	(10.7)	(2,685.8)	(10.5)	(1,265.8)	(10.5)	(1,367.7)	(9.8)
Net impairment losses on financial assets	35.4	0.2	(90.9)	(0.4)	(11.4)	—	(15.0)	(0.1)	(34.4)	(0.2)
Other income	118.7	0.6	95.9	0.5	96.9	0.4	32.2	0.3	58.8	0.4
Other gains/(losses), net	745.3	3.7	349.3	1.7	291.2	1.1	(3.8)	—	21.5	0.1
Finance costs, net	(466.6)	(2.3)	(438.1)	(2.1)	3.6	—	(28.9)	(0.3)	44.7	0.3
Share of post-tax (losses)/gains of equity accounted associates	(46.3)	(0.2)	(38.8)	(0.2)	(33.3)	(0.1)	8.6	0.1	(4.0)	—

SUMMARY

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
	(in millions, except for percentages)									
Profit before income tax	1,293.7	6.5	691.6	3.3	3,272.8	12.7	1,502.6	12.5	2,192.1	15.7
Income tax (expense)/benefit	(342.7)	(1.7)	(147.6)	(0.7)	5.8	—	(141.7)	(1.2)	(171.7)	(1.2)
Profit for the year/period	951.0	4.8	544.0	2.6	3,278.6	12.7	1,360.9	11.3	2,020.4	14.5
Profit is attributable to:										
Owners of the Company	982.7	4.9	555.8	2.7	3,317.5	12.9	1,367.0	11.3	2,027.9	14.5
Non-controlling interests	(31.7)	(0.1)	(11.8)	(0.1)	(38.9)	(0.2)	(6.1)	—	(7.5)	—

Revenue

The following table sets forth a breakdown of our revenue among semiconductor design and sales business, semiconductor distribution business and others during the Track Record Period, both in amounts and as percentages of total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
	(in millions, except for percentages)									
Advanced digital										
imaging solutions . . .	13,674.5	68.3	15,535.5	74.0	19,190.2	74.7	9,311.8	77.0	10,345.7	74.2
Display solutions	1,470.5	7.3	1,250.4	6.0	1,028.2	4.0	471.7	3.9	459.4	3.3
Analog solutions	1,262.4	6.3	1,154.4	5.5	1,422.0	5.5	634.5	5.2	766.9	5.5
Semiconductor design and										
sales business	16,407.4	81.9	17,940.3	85.5	21,640.4	84.2	10,418.0	86.1	11,572.0	83.0
Semiconductor distribution										
business	3,564.8	17.8	2,970.1	14.2	3,938.9	15.3	1,632.8	13.5	2,314.1	16.6
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.5	42.8	0.4	58.0	0.4
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fees in nature.

Our continuous increase in revenue during the Track Record Period was primarily driven by the growth of semiconductor design and sales business and partially offset by fluctuations of semiconductor distribution business. Overall, the fluctuations in revenue were mainly attributable to shifts in market conditions and changes in contribution from different industry verticals we serve.

In 2022, 2023, 2024 and in the six months ended June 30, 2024 and 2025, revenue from sales of our CIS products accounted for 91.3%, 94.8%, 94.4%, 94.1% and 94.3% of our revenue from advanced digital imaging solutions, respectively.

SUMMARY

The following table sets forth a breakdown of our revenue from advanced digital imaging solutions by industry vertical for the periods indicated, both in amounts and as percentages of total revenue from advanced digital imaging solutions:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Revenue from advanced digital imaging solutions										
Smartphones	5,397.3	39.5	7,779.4	50.1	9,802.5	51.1	4,868.3	52.3	3,920.0	37.9
Automobiles	3,633.5	26.6	4,547.3	29.3	5,904.6	30.8	2,914.0	31.3	3,789.2	36.6
Healthcare	776.7	5.7	419.4	2.7	668.4	3.5	263.8	2.8	443.5	4.3
Surveillance	2,370.7	17.3	1,722.3	11.1	1,603.1	8.3	708.5	7.6	827.3	8.0
Emerging Markets/IoT	823.7	6.0	533.5	3.4	759.5	4.0	335.8	3.6	1,173.4	11.3
Others ⁽¹⁾	672.6	4.9	533.6	3.4	452.1	2.3	221.4	2.4	192.3	1.9
Total	13,674.5	100.0	15,535.5	100.0	19,190.2	100.0	9,311.8	100.0	10,345.7	100.0

Note:

(1) Mainly for notebooks

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated, both in amounts and as percentages of our revenue from semiconductor design and sales business:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Direct sales:										
Revenue from semiconductor design and sales business . . .	6,608.7	33.0	7,951.0	37.9	10,169.1	39.6	4,797.3	39.7	5,071.2	36.4
Revenue from semiconductor										
distribution business: . .	3,205.4	16.0	2,673.6	12.8	3,566.4	13.9	1,502.6	12.4	2,074.1	14.9
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.4	42.8	0.3	58.0	0.4
Subtotal	9,882.1	49.3	10,698.5	51.0	13,863.0	53.9	6,342.7	52.4	7,203.3	51.7
Sales through distributors:										
Revenue from semiconductor design and sales business . . .	9,798.7	48.9	9,989.3	47.6	11,471.3	44.7	5,620.7	46.5	6,500.8	46.6
Revenue from semiconductor										
distribution business: . .	359.4	1.8	296.5	1.4	372.5	1.4	130.2	1.1	240.0	1.7
Subtotal	10,158.1	50.7	10,285.8	49.0	11,843.8	46.1	5,750.9	47.6	6,740.8	48.3
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fees in nature.

SUMMARY

Our revenue from both channels under semiconductor design and sales business increased throughout the years ended December 31, 2022, 2023 and 2024 and from the six months ended June 30, 2024 to the same period in 2025, primarily driven by the strong growth of our advanced digital imaging solutions, in particular, products provided for smartphones and automotive applications.

In addition to the above, the following table sets forth the amounts and percentages of our revenue from within and outside Chinese Mainland for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(Unaudited)										
(in millions, except for percentages)										
Chinese										
Mainland ⁽¹⁾	3,353.7	16.7	2,920.3	13.9	3,844.4	15.0	1,610.9	13.3	2,200.4	15.8
Outside Chinese										
Mainland ⁽¹⁾	16,686.5	83.3	18,064.0	86.1	21,862.4	85.0	10,482.7	86.7	11,743.7	84.2
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.00	13,944.1	100.0

Note:

(1) The revenues we report by geography are based on the location in which our reporting subsidiaries located.

The following table sets forth a revenue breakdown by product shipment destination for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(Unaudited)										
(in millions, except for percentages)										
Chinese Mainland . . .	3,611.2	18.0	2,653.6	12.6	4,728.0	18.4	2,031.1	16.8	2,626.2	18.8
Hong Kong	13,636.3	68.0	15,287.9	72.9	17,724.2	68.9	8,329.7	68.9	9,614.7	69.0
United States	791.6	4.0	805.0	3.8	894.2	3.5	393.3	3.3	387.3	2.8
Other countries and regions ⁽¹⁾	2,001.1	10.0	2,237.8	10.7	2,360.4	9.2	1,339.5	11.0	1,315.9	9.4
Total revenue	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising Romania, Ireland, Japan, Germany, Sweden and other 28 countries and regions in Asia, Europe, North America and Oceania which, in aggregate, accounted for less than 5% of our revenue in each period of the Track Record Period.

During each period of the Track Record Period, revenue from sales of our products shipped to the United States accounted for less than 5% of our total revenue in each period. Overall, the geopolitical tension, trade restrictions and tariffs had not had a material impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

See “Financial Information—Description of Major Components of Our Results of Operations—Revenue” for detailed discussions of our revenue during the Track Record Period.

SUMMARY

Cost of Sales

We utilize a fabless business model, which allows us to focus our resources on the design of semiconductors while working with third-party foundries and packaging and testing service providers to manufacture, package and test our products.

The table below sets forth a breakdown of our cost of sales by business line both in amounts and as a percentage of our total cost of sales for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Advanced digital imaging solutions	10,309.2	67.4	12,092.9	72.0	12,845.1	69.6	6,325.8	72.9	6,747.6	68.7
Display solutions	854.0	5.6	1,197.9	7.1	977.0	5.3	451.1	5.2	417.9	4.3
Analog solutions	788.1	5.1	740.8	4.4	927.9	5.0	419.3	4.8	517.5	5.3
Semiconductor design and sales business	11,951.3	78.1	14,031.6	83.5	14,750.0	79.9	7,196.2	82.9	7,683.0	78.3
Semiconductor distribution business	3,338.5	21.8	2,764.5	16.5	3,657.8	19.8	1,486.7	17.1	2,134.3	21.7
Others ⁽¹⁾	9.2	0.1	4.7	—	59.8	0.3	2.9	—	0.8	—
Total	15,299.0	100.0	16,800.8	100.0	18,467.6	100.0	8,685.8	100.0	9,818.1	100.0

Note:

(1) Comprising employee benefits expenses in relation to our technical services.

The principal costs associated with our semiconductor design and sales business are related to wafers, packaging and testing services and color filters. The principal cost associated with our semiconductor distribution business is related to the procurement of chips for resale.

See “Financial Information—Description of Major Components of Our Results of Operations—Cost of Sales” for detailed discussions of our cost of sales during the Track Record Period.

Gross Profit and Gross Margin

The following table sets forth the breakdown of our gross profit among semiconductor design and sales business, semiconductor distribution business, and others for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Advanced digital imaging solutions	3,365.3	24.6	3,442.6	22.2	6,345.0	33.1	2,986.0	32.1	3,598.1	34.8
Display solutions	616.5	41.9	52.5	4.2	51.3	5.0	20.6	4.4	41.5	9.0
Analog solutions	474.3	37.6	413.6	35.8	494.1	34.7	215.2	33.9	249.4	32.5
Semiconductor design and sales business	4,456.1	27.2	3,908.7	21.8	6,890.4	31.8	3,221.8	30.9	3,889.0	33.6
Semiconductor distribution business	226.3	6.3	205.6	6.9	281.0	7.1	146.1	8.9	179.8	7.8
Others	58.8	86.5	69.2	93.6	67.8	53.2	39.9	93.2	57.2	98.6
Total	4,741.2	23.7	4,183.5	19.9	7,239.2	28.2	3,407.8	28.2	4,126.0	29.6

SUMMARY

For semiconductor design and sales business, we recorded gross profit of RMB4,456.1 million, RMB3,908.7 million, RMB6,890.4 million, RMB3,221.8 million and RMB3,889.0 million, and gross margin of 27.2%, 21.8%, 31.8%, 30.9% and 33.6% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Our gross profit and gross margin saw a decrease between 2022 and 2023, mainly due to subdued market demand, downward pricing pressure during our inventory reduction process and write-down of inventories. Our gross profit and gross margin rebounded in 2024 and saw an increase from the six months ended June 30, 2024 to the same period in 2025, primarily driven by the advancement of our CIS products, their increased average selling prices, and their enhanced penetration in smartphone and automotive verticals.

During the Track Record Period, we recorded write-down of inventories due to the lower estimated realizable value of our inventories than their costs. We recorded write-down of inventories of RMB1.4 billion, RMB363.8 million, RMB324.9 million, RMB122.6 million and RMB120.3 million for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

For semiconductor distribution business, we recorded gross profit of RMB226.3 million, RMB205.6 million, RMB281.0 million, RMB146.1 million and RMB 179.8 million, and gross margin of 6.3%, 6.9%, 7.1%, 8.9% and 7.8% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

For others, we recorded gross profit of RMB58.8 million, RMB69.2 million, RMB67.8 million, RMB39.9 million and RMB57.2 million and gross margin of 86.5%, 93.6%, 53.2%, 93.2% and 98.6% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

See “Financial Information—Description of Major Components of our Results of Operations—Gross Profit and Gross Margin” for detailed discussions of our gross profit and gross margin during the Track Record Period.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Current assets	19,613.3	20,264.2	21,804.2	24,355.3
Non-current assets	15,577.7	17,479.0	17,160.4	18,129.0
Total assets	35,191.0	37,743.2	38,964.6	42,484.3
Current liabilities	10,373.2	9,068.7	7,595.4	10,036.5
Non-current liabilities	6,716.7	7,179.8	7,166.8	6,260.8
Total liabilities	17,089.9	16,248.5	14,762.2	16,297.3
Net current assets	9,240.1	11,195.5	14,208.8	14,318.8
Net assets	18,101.1	21,494.7	24,202.4	26,187.0

During the Track Record Period, our net assets continued to increase. Our net assets increased from RMB18.1 billion as of December 31, 2022 to RMB21.5 billion as of December 31, 2023, mainly attributable to (i) the profits of RMB544.0 million we recorded for the year of 2023, (ii) the proceeds of

SUMMARY

RMB3.1 billion from our issuance of GDRs, (iii) the proceeds of RMB255.1 million we received from the exercise of share options, and (iv) the sale of treasury shares to then existing employee stock ownership plans, which reduced the treasury share balance by RMB398.7 million, partially offset by (i) the repurchase of shares of RMB830.4 million under the then existing employee stock ownership plans, (ii) dividends of RMB105.8 million we declared or paid and (iii) a reversal of share-based payments of RMB31.5 million in 2023. Our net assets increased from RMB21.5 billion as of December 31, 2023 to RMB24.2 billion as of December 31, 2024, mainly attributable to (i) the profits of RMB3.3 billion we recorded for the year of 2024, (ii) the proceeds of RMB219.6 million we received from the exercise of share options under our employee stock ownership plans, and (iii) the share-based payment of RMB245.6 million, partially offset by (i) the repurchase of shares of RMB1.0 billion and (ii) dividends of RMB412.7 million we declared or paid in 2024. Our net assets further increased to RMB26.2 billion as of June 30, 2025, mainly due to the profits of RMB2.0 billion we recorded for the six months ended June 30, 2025 and the share-based payment of RMB107.6 million.

We had net current assets positions as of December 31, 2022, 2023 and 2024 and as of June 30, 2025 and October 31, 2025.

Our net current assets increased from RMB14.3 billion as of June 30, 2025 to RMB16.8 billion of October 31, 2025, mainly due to (i) an increase in cash and cash equivalents of RMB1.7 billion and (ii) an increase in inventories of RMB280.0 million, partially offset by (i) an increase in current borrowings of RMB526.4 million and (ii) a decrease in trade and other receivables of RMB90.6 million.

Our net current assets increased from RMB14.2 billion as of December 31, 2024 to RMB14.3 billion as of June 30, 2025, mainly due to (i) an increase of cash and cash equivalents of RMB1.0 billion, and (ii) an increase of inventories of RMB997.9 million, partially offset by (i) an increase in current borrowings of RMB1.4 billion, and (ii) an increase in trade and other payables of RMB1.0 billion.

Our net current assets increased from RMB11.2 billion as of December 31, 2023 to RMB14.2 billion as of December 31, 2024, mainly due to (i) a decrease in short-term borrowings of RMB1.8 billion, (ii) an increase of cash and cash equivalents of RMB1.1 billion, and (iii) an increase of inventories of RMB634.6 million.

Our net current assets increased from RMB9.2 billion as of December 31, 2022 to RMB11.2 billion as of December 31, 2023, mainly due to (i) an increase of cash and cash equivalents of RMB5.1 billion, (ii) a decrease in short-term borrowings of RMB2.1 billion, and (iii) an increase of trade and other receivables of RMB1.5 billion, partially offset by (iv) a decrease in inventories of RMB6.0 billion, and (v) an increase in trade and other payables of RMB549.6 million.

For details of our fluctuation in key items of our consolidated statements of financial position and net current assets during the Track Record Period, see “Financial Information—Discussion of Certain Key Items of Consolidated Statements of Financial Position.”

SUMMARY

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
	(Unaudited)				
	(in millions)				
Net cash (used in)/generated from operating activities	(2,359.3)	7,067.5	4,522.6	1,714.5	1,791.0
Net cash used in investing activities	(4,017.1)	(2,463.8)	(810.6)	(530.3)	(1,238.5)
Net cash generated from/(used in) financing activities	2,621.2	405.5	(2,757.5)	(2,552.3)	533.4
Net (decrease)/increase in cash and cash equivalents	(3,755.2)	5,009.2	954.5	(1,368.1)	1,085.9
Cash and cash equivalents at the beginning of the year/period	7,630.2	3,995.1	9,055.1	9,055.1	10,152.8
Exchange gains on cash and cash equivalents	120.1	50.8	143.2	61.2	(55.1)
Cash and cash equivalents at the end of the year/period	3,995.1	9,055.1	10,152.8	7,748.2	11,183.6

For the year ended December 31, 2022, we experienced net decrease in cash and cash equivalents of RMB3.8 billion, primarily because of our declined revenue due to the weak market demand and price decrease in consumer electronics and semiconductor industries during the downturn phase in 2022, while the inventory and procurement remain at the same level. Starting from the second half of 2023, the market demand gradually recovers, and our cash flows rebounded robustly. We recorded a positive operating cash flow in 2023, 2024 and the six months ended June 30, 2025. The change from operating cash outflow in 2022 to operating cash inflow in 2023, 2024 and the six months ended June 30, 2025 was primarily due to (i) an increase in our revenue in line with our continuous efforts to enhance marketing and enrich our product offerings; (ii) our adoption of measures to effectively control cost and operating expenses, in particular the general and administrative expenses; and (iii) our enhanced working capital management efficiency.

Key Financial Ratios

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Net profit margin	4.7%	2.6%	12.8%	14.5%
ROE ⁽¹⁾	5.7%	2.8%	14.5%	8.0%
Inventory turnover days ⁽²⁾	252.1	202.9	131.2	137.4
Trade receivables turnover days ⁽³⁾	49.0	56.8	56.8	54.6
Gearing ratio ⁽⁴⁾	48.7%	9.0%	Not applicable	Not applicable

Notes:

- (1) ROE is calculated by dividing profit for the period attributable to the owners of our Company by the average balance of equity attributable to owners of our Company.
- (2) Inventory turnover days is calculated as the average of beginning and ending balance of inventories for the period divided by cost of sales for that period and multiplied by 365 days or 181 days, as applicable.
- (3) Accounts receivables turnover days is calculated as the average of beginning and ending balance of accounts receivables for the period divided by revenue for that period and multiplied by 365 days or 181 days, as applicable.
- (4) Gearing ratio is calculated by dividing net debt by equity attributable to owners of our Company. Net debt equals the sum of borrowings, Convertible Bonds and lease liabilities, deducted by the amount of cash and cash equivalents. As of December 31, 2024 and June 30, 2025, there was no net debt balance.

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Our net profit and net profit margin declined from 2022 to 2023, mainly due to the intense market competition and subdued general economic conditions. From 2023 to 2024, both our net profit and net profit margin rebounded strongly, primarily driven by the rapid growth in revenue as a result of the recovery in demand of the consumer electronics market, the continuing adoption by flagship smartphones, and the accelerated trend of smart transformation in automotive market, which outpaced the increase in our cost of sales and expenses. Our net profit margin further increased in the six months ended June 30, 2025, supported by the growth in both semiconductor design and sales and semiconductor distribution business lines and our continuous cost management efforts.

Our gearing ratio as of December 31, 2023 significantly decreased as compared to December 31, 2022, reflecting the substantial improvement of our cash flow and repayment of borrowings in 2023. As of December 31, 2024 and June 30, 2025, we were no longer in a net debt position.

RISK FACTORS

Our operations and the Global Offering involve certain risks and uncertainties, including (i) risks relating to our business and industries and (ii) risks relating to the Global Offering, which are set out in the section headed “Risk Factors” in this document. You should read that section in its entirety carefully before you decide to invest in the Offer Shares. Some of the major risks we face include, but are not limited to:

- The semiconductor industry is highly competitive and rapidly evolving. If we are unable to compete effectively with existing or new competitors, our sales, market share and profitability could be adversely affected.
- Our future success depends on the timely development, introduction, marketing and selling of new semiconductor solutions and technologies, which we might not be able to achieve. The development of new and more complex solutions and technologies can also increase our cost of sales and adversely affect our gross profit margin.
- Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations.
- We depend on the increased acceptance of semiconductor applications in various verticals to grow our business and increase our revenue.
- Price pressures from market competition and fluctuating market conditions may negatively impact our revenue and gross profit margin.
- A substantial portion of our revenue has been derived from a small number of customers. The loss of, or significant reduction in the purchases by, one or more of such customers could materially and adversely affect our business, financial condition and results of operations.
- We may be unable to adequately forecast demand for our semiconductor solutions due to the unpredictability of the sales cycle. If we fail to manage our inventory effectively as a result, our business, financial condition, results of operations and liquidity may be materially and adversely affected.

SUMMARY

- Our success depends on our ability to maintain close relationship with our customers and to convince our current and prospective customers to adopt our semiconductor solutions into their product offerings.
- We depend on third-party foundries, which reduces our ability to control our manufacturing process. Any interruption or shortage or loss of capacity from these foundries could materially interrupt our business operations and product offerings, and a significant increase in procurement costs could also affect our gross profit margin.
- Our sales through distributors increase the complexity of our business and may reduce our ability to forecast revenue.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Regulatory Update

U.S. Tariffs, Export Controls and Other Regulations

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, increased export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. Our products were subject to a 25% Section 301 tariff during the Track Record Period until January 1, 2025, which had increased to 50% since then. From February to April 2025, the United States imposed a series of additional tariffs peaked at 145% on all Chinese goods, except for certain consumer electronics produced in China, which was lowered to 30% until August 11, 2025 and further until November 10, 2025 based on the joint statement between China and U.S. issued on May 12, 2025 and an executive order signed by the president of the United States on August 11, 2025. As of the Latest Practicable Date, the U.S. imposed 70% tariffs in aggregate on semiconductor products from China. On December 23, 2025, the U.S. announced that it would increase tariffs on Chinese semiconductor imports, with an initial tariff level of zero, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. During each period of the Track Record Period, revenue from sales of our products shipped to the United States accounted for less than 5% of our total revenue in each period.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”) administered by the Bureau of Industry and Security of the United States Department of Commerce (the “**BIS**”). While most of the EAR’s restrictions are based on the country to which an item is exported, BIS also maintains lists of persons that are subject to enhanced export control restrictions. Such list includes non-U.S. persons on which certain additional trade restrictions are imposed (the “**Entity List**”). The export, re-export and in-country transfer of items subject to the EAR to an entity on the Entity List is generally prohibited unless a license exception is available or specified license requirements are met. In 2022, 2023, 2024, and in the six months ended June 30, 2025, we had 5, 4, 8 and 7 customers, respectively, and 2, 1, 4 and 3 suppliers, respectively, that were included on the Entity List and/or designated by OFAC on the Non-Specially Designated Nationals (SDN) Chinese Military-Industrial Complex Companies List (the “**NS CMIC List**”), during these respective periods. To address the risks of dealing with Entity List parties and to ensure compliance with the EAR more generally, we have implemented internal control mechanisms to ensure compliance, and we conduct necessary compliance measures to fulfill our export control obligations. Based on such, our Directors are of the view that (i) our sales to the customers on the Entity List do not violate the EAR; (ii) the EAR and the other related laws and regulations on export controls had no material impact on the Group’s business operations and financial performance during the Track Record Period and up to the Latest Practicable Date, and (iii) the Group complied

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with the EAR in all material respects during the Track Record Period and up to the Latest Practicable Date. See “Business—Risk Management and Internal Control” for more detail.

In addition, the Company’s has engaged Cleary Gottlieb Steen & Hamilton (Hong Kong), the Export Control Legal Advisor, to provide advice on export control laws and regulations imposed by the United States that are applicable to the business activities of the Group. In its due diligence on the Company’s compliance with U.S. export controls, the Export Control Legal Advisor has identified that the Company made sales to certain parties that had been designated by the BIS for inclusion on the Entity List, but these sales were either of items not subject to the EAR (and therefore not restricted by such designations) or were made pursuant to licenses issued by BIS. In respect of the Company’s EAR compliance, the Export Control Legal Advisor reviewed the documents and representations provided by the Company and performed certain investigations of factual matters that it considered customary in the context of the Global Offering. On the basis of this due diligence and legal analysis, the Export Control Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, the Group has not violated the EAR in any material respect. See “Business - Tariff and Export Control Policy Monitoring” for more details.

The Group had transactions with entities on the NS CMIC List during the Track Record Period and expects to continue to transact with certain of these entities. As advised by our Export Control Legal Advisor, companies on the NS CMIC List are subject to limited sanctions that prohibit U.S. persons from investing in publicly traded securities issued by such companies or any publicly traded securities that are derivatives of such securities. Given the narrow focus of sanctions applicable to companies on the NS CMIC List (which are not applicable to our Company or the Global Offering) and that we have not had any dealings with specially designated nationals (SDNs) designated by OFAC or comprehensively OFAC sanctioned territories or jurisdiction during the Track Record Period and up to the Latest Practicable Date, the Directors do not believe that material sanctions risks discussed in Chapter 4.4 of the Guide for New Listing Applicants are implicated by our Group’s activities. Based on these facts and the due diligence performed by our Export Control Legal Advisor, our Export Control Legal Advisor is of the view that the Company is compliant with relevant sanctions law and there is no material sanctions risk discussed in Chapter 4.4 of the Guide for New Listing Applicants.

Overall, the geopolitical tension, trade restrictions and tariffs had not had a material impact on our business operations or financial performance, including supply chain, outsourced production and sales to customers, during the Track Record Period and up to the Latest Practicable Date. There is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains unclear whether increased tariffs and trade tensions will further disrupt international trade or lead to a downturn in the global economy. See “Risk Factors—Risks Relating to Our Business and Industry—Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, financial condition and results of operations” for more information.

China Tariffs and Export Controls

During the Track Record Period, raw materials and components used in our own products were not directly or indirectly imported from the U.S. into Chinese Mainland. As confirmed by our PRC

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Legal Advisor, starting in April 2024, China imposed retaliatory tariffs on U.S. goods which were lowered in May 2025, and as of the Latest Practicable Date, China imposed a 10% retaliatory tariff on most U.S. goods, pursuant to a temporary trade truce effective until November 10, 2026. During the Track Record Period and up to the Latest Practicable Date, the China import tariffs had not had a material impact on our business operations and financial positions. On October 9, 2025, the Ministry of Commerce of the PRC announced export controls on certain rare earth, as well as related products and technology. We do not directly procure rare earth materials, and as of the Latest Practicable Date, we have not been informed by any of our suppliers regarding the procurement of rare earth materials that are subject to the export control. On October 30, 2025, the spokesperson of the Ministry of Commerce of the PRC stated in response to a media inquiry that, China will suspend the implementation of relevant export control measures announced on October 9, 2025 for one year and will study and refine specific plans.

Outbound Investment Security Program

On August 9, 2023, the U.S. government issued an executive order and the Treasury published an advanced notice of proposed rulemaking providing a conceptual framework for the Outbound Investment Security Program (or OISP). On June 21, 2024, Treasury issued a proposed rule for the OISP. On October 28, 2024, Treasury issued the Final Rule setting forth the OISP regulations that implement the executive order of August 9, 2023, which targets transactions by U.S. persons that involve persons and entities associated with “countries of concern,” currently China, including Hong Kong and Macau, with business in certain technology sectors. The Final Rule took effect on January 2, 2025. As advised by Cleary Gottlieb Steen & Hamilton (Hong Kong), the Global Offering’s legal advisor as to the U.S. outbound investment rules, we are likely to be deemed a “Covered Foreign Person” engaged in the design and packaging of semiconductors specified in the OISP. Specifically, we are engaged in the design and packaging of integrated circuits that are covered by the definition of “notifiable transaction” but not covered by the definition of “prohibited transaction” (as defined in the OISP). However, as advised by Cleary Gottlieb Steen & Hamilton (Hong Kong), the Global Offering’s legal advisor as to the U.S. outbound investment rules, U.S. persons (as defined in the Final Rule) may be able to rely on the exception for publicly traded securities (the “**Publicly Traded Securities Exception**”) for their purchases of our H Shares in the Global Offering. See “Regulatory Overview—U.S. Government Regulations—10. Outbound Investments.” Investors seeking to rely on the Publicly Traded Securities Exception must make their own determinations as to their obligations under the Final Rule, and they should consult their own counsel if they have questions. The OISP is subject to further changes by rulemaking and new interpretations, and any such changes could be adverse to our interests. Our Directors are of the view that, the OISP will not have a material adverse impact on our Company, our shareholders, directors, senior management, business operations, financial performance, the Listing, or the Global Offering.

See “Risk Factors—Risks Relating to the Global Offering—The U.S. government’s new China-focused Outbound Investment Security Program or similar laws and regulations or changes to the interpretation or implementation of these laws and regulations, could negatively impact us, including in respect of our ability to raise capital or the value of our securities” for more information.

Unaudited Financial Information for the Nine Months Ended September 30, 2025

Our revenue increased by 15.1% from RMB18.9 billion for the nine months ended September 30, 2024 to RMB21.8 billion for the same period of 2025, primarily driven by the increasing customer demand for our products. Our revenue from semiconductor design and sales business increased by 12.2% from RMB16.1 billion for the nine months ended September 30, 2024 to

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RMB18.0 billion for the same period of 2025, primarily attributable to the rapid increase in the penetration rate of our products in the automotive intelligence market, and our notable expansion in emerging markets. Our revenue from semiconductor distribution experienced similar growth from RMB2.8 billion for the nine months ended September 30, 2024 to RMB3.7 billion for the same period of 2025.

Our cost of sales increased by 13.5% from RMB13.5 billion for the nine months ended September 30, 2024 to RMB15.3 billion for the same period of 2025, which was generally in line with the increase in sales volume, and partially offset by our cost control achieved through optimized supply chain management.

As a result, our gross profit increased by 19.1% from RMB5.4 billion for the nine months ended September 30, 2024 to RMB6.4 billion for the same period of 2025. Our gross margin increased from 28.6% for the nine months ended September 30, 2024 to 29.5% for the same period of 2025, representing a modest improvement.

Our profit for the period increased by 35.2% from RMB2.4 billion for the nine months ended September 30, 2024 to RMB3.2 billion for the same period of 2025, primarily attributable to our revenue growth driven by increased sales volume in 2025. Our net profit margin was increased from 12.5% for the nine months ended September 30, 2024 to 14.7% for the same period of 2025, reflecting our steady improvement in profitability.

Our total assets increased from RMB39.0 billion as of December 31, 2024 to RMB44.2 billion as of September 30, 2025, in line with our business growth. As our business expanded, our total liabilities increased from RMB14.8 billion as of December 31, 2024 to RMB16.5 billion as of September 30, 2025. Our net assets increased from RMB24.2 billion as of December 31, 2024 to RMB27.7 billion as of September 30, 2025, primarily attributable to the increase in net profit.

Our net cash generated from operating activities for the nine months ended September 30, 2025 was RMB2.5 billion, which was primarily the result of our profit before income tax of RMB3.5 billion, adjusted for non-cash items, effects of movement in working capital, interest we received and paid, and income tax we paid for this period.

Our unaudited condensed consolidated interim financial information for the nine months ended September 30, 2025 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. For details, see Appendix IA to this prospectus.

2025 Interim Profit Distribution Plan

Our 2025 Interim Profit Distribution Plan was reviewed and approved at the meeting of Board of Directors held on October 28, 2025, pursuant to authorization granted by our Shareholders at the 2024 annual general meeting held on June 10, 2025. A cash dividend of RMB4.00 (tax inclusive) per 10 Shares was subsequently paid on November 24, 2025 out of our distributable profits.

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No Material Adverse Change

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

OUR LISTINGS ON THE SHANGHAI STOCK EXCHANGE AND THE SIX SWISS EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since May 2017 and November 2023, our Company has been listed on the Shanghai Stock Exchange and on the SIX Swiss Exchange, respectively. No approval or filing procedures are required by Swiss regulatory authorities (including but not limited to the SIX Exchange Regulation) for the Listing and Global Offering. As of the Latest Practicable Date, our Directors confirmed that, since our listing on the Shanghai Stock Exchange and the SIX Swiss Exchange, respectively, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange or the SIX Swiss Exchange, respectively, 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 Shanghai Stock Exchange or the SIX Swiss Exchange, respectively.

Our Company seeks to be listed on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our global business, further strengthen our business profile and market position in the industry, and better attract overseas investors and talents. See "Business—Our Strategies" and "Future Plans and Use of Proceeds" for more details.

OUR CONTROLLING SHAREHOLDERS

Mr. YU Renrong is the founder of our Group, the chairman of the Board of Directors and an executive Director of our Company. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong, brother of Mr. YU Renrong, constitute our Controlling Shareholders, holding approximately 31.30% of the issued share capital of our Company immediately before the Global Offering. Immediately following the completion of the Global Offering and assuming that no new Shares are issued under the Over-allotment Option and our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, our Controlling Shareholders will hold approximately 30.15% of the issued share capital of our Company.

For further details about our Controlling Shareholders, please see the section headed "Relationship with our Controlling Shareholders."

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 45,800,000 H Shares are newly issued in the Global Offering, (ii) the Over-allotment Option for the Global Offering are not exercised, (iii) 1,251,553,249 Shares (excluding 3,921,163 treasury Share held by the Company as of the Latest Practicable Date) are in issue following

SUMMARY

the completion of the Global Offering, and (iv) there are no changes to the Company's share capital between the Latest Practicable Date and Listing:

	Based on the maximum Offer Price of HK\$104.80 per H Share
Market capitalization of our Shares ⁽¹⁾	HK\$170.3 billion
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽²⁾	HK\$21.06 (RMB19.09)

Notes:

- (1) The market capitalization of our Shares is calculated based on: (i) the average closing price of HK\$137.24 per A Share for the five trading days immediately preceding the Latest Practicable Date, multiplied by the number of A Shares in issue (excluding treasury Shares); and (ii) the maximum Offer Price per Offer Share, multiplied by the number of Offer Shares to be issued in the Global Offering.
- (2) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 per share is calculated based on a total of 1,247,836,286 shares (representing 1,217,170,649 shares in issue as of June 30, 2025, excluding 15,134,363 treasury shares as of June 30, 2025, adding 45,800,000 offer shares under the Global Offering), assuming that the Global Offering had been completed on June 30, 2025 but does not take into account of any shares which may be issued upon the exercise of options granted under the plan of share options, conversion of Convertible Bonds and the overallotment and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares.
- (3) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 to reflect any trading results or other transactions of the Group entered into. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the dividend declared by the directors in October and paid in November 2025 of RMB482,193,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would have been HK\$20.63 per Share, base on the maximum offer price of HK\$104.80, assuming the dividend distribution were completed on June 30, 2025.

For the calculation of the unaudited pro forma adjusted consolidated net tangible assets per Share, see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this document.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$4,693.2 million from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, assuming the maximum Offer Price of HK\$104.80 per H Share and that the Over-allotment Option is not exercised. In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 70% of the net proceeds, or HK\$3,285.2 million, will be used over the next five to ten years to invest in the research and development of key technologies, ensuring our continued leading position in advanced sensing technology, advanced display technology and analog solutions. We plan to further enhance our R&D by investing in fundamental research to strengthen our intellectual property and technological advantages while expanding our product portfolio to drive market penetration.
- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used over the next five to ten years to strengthen global market penetration and business expansion. We plan to deepen our presence in target markets, grow our customer base, and increase our market share across all of our participating verticals. We plan to recruit and retain sales, marketing, and FAEs worldwide.
- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used for strategic investments and/or acquisitions, with a focus on investment and acquisition opportunities that offer synergies with our existing product portfolio and support horizontal expansion into emerging areas.

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- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used for working capital and general corporate uses.

See the section headed “Future Plans and Use of Proceeds” in this document for further information relating to our future plans and use of proceeds from the Global Offering, including the scenario if the final Offer Price is set to be below the maximum Offer Price.

DIVIDEND POLICY

We may distribute dividends in the form of cash, stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of our shareholders. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, business prospects, operating requirements, capital requirements, payments by our subsidiaries of cash dividends to us, statutory, regulatory and contractual considerations and any other factors that the Board may deem relevant. A decision to declare or to pay any dividends in the future, and the amount of such dividends, will hence depend on these factors. According to the applicable PRC laws and our dividend policy, we may pay dividends out of our profit after tax only after we have made the (i) recovery of accumulated losses, if any; (ii) allocations to the statutory reserve equivalent to 10% of our Company’s profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our Company’s total issued share capital, no further allocations to this statutory reserve will be required; and (iii) allocations, if any, to a discretionary common reserve as approved by our shareholders in a shareholders’ meeting.

Furthermore, according to our dividend policy, the accumulated profits distributed in cash for the most recent three years shall not be less than 30% of our Company’s average annual distributable profits realized for the same three-year period. For each year that we record profits and positive accumulated undistributed profit, we shall distribute dividends in cash and such cash dividends distributed shall not be less than 10% of our Company’s distributable profits realized for the same period, except the (i) occurrence of significant investments (excluding fundraising activities) where the investment amount for the relevant year exceeds 10% of our Company’s audited net assets as of the end of the most recent financial year; or (ii) occurrence of significant capital expenditures where we intend to invest, acquire assets or purchase equipment within the next 12 months and the accumulated expenditure of which is expected to reach or exceed 10% of our Company’s audited net assets as of the end of the most recent financial period.

During the Track Record Period, the total dividends we paid were RMB456.1 million in 2022, RMB99.1 million in 2023 and RMB407.6 million (including the 2024 interim dividend of RMB167.6 million) in 2024. We declared the 2024 post year end final dividend on June 10, 2025 and paid a total amount of RMB264.5 million on August 1, 2025 out of our distributable profits. We further declared the 2025 interim dividend on October 28, 2025 and paid a total amount of RMB482.2 million on November 24, 2025 out of our distributable profits.

LISTING EXPENSES

Assuming the Over-allotment Option is not exercised, the maximum Offer Price of HK\$104.80 per Offer Share and the full payment of the discretionary incentive fee, if any, we expect to incur approximately RMB96.7 million (equivalent to HK\$106.7 million) of listing expenses (including (i) underwriting-related expenses, including but not limited to commissions, fees, SFC

SUMMARY

transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately RMB52.2 million, (ii) fees and expenses of legal advisers and accountants amounting to approximately RMB23.9 million and (iii) other fees and expenses relating to the Global Offering, including but not limited to the listing application fees, amounting to approximately RMB20.6 million), accounting for approximately 2.2% of the gross proceeds from the Global Offering. Approximately RMB1.9 million of our listing expenses is expected to be charged to our consolidated statements of comprehensive income and approximately RMB94.9 million is expected to be deducted from equity upon Listing. During the Track Record Period, we incurred listing expenses of RMB21.9 million, all of which is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. The estimate of listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

OUR SHAREHOLDING STRUCTURE

The following table set forth the shareholding structure of the Company following the completion of the Global Offering.

	Description of Shares	Upon completion of the Global Offering, assuming the Over-allotment Option is not exercised		As at the end of the Over-allotment Option exercise period, assuming that the Over-allotment Option is fully exercised	
		Number of Shares	Approximate% of the issued share capital	Number of Shares	Approximate% of the issued share capital
Our Controlling Shareholders ⁽¹⁾	A Shares	378,576,912	30.15%	378,576,912	29.99%
Other A Shareholders	A Shares	831,097,500	66.20%	831,097,500	65.84%
H Shareholders	H Shares	45,800,000	3.65%	52,670,000	4.17%
Total		<u>1,255,474,412</u>	<u>100.00%</u>	<u>1,262,344,412</u>	<u>100.00%</u>

Note:

- (1) Represents (i) 303,472,250 A Shares of our Company directly held by Mr. YU Renrong; (ii) 74,132,662 A Shares of our Company directly held by Shaoxing Weihao Management; and (iii) 972,000 A Shares of our Company directly held by Mr. YU Xiaorong, brother of Mr. YU Renrong. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong constitute our Controlling Shareholders, holding approximately 30.15% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing. See “Relationship with Our Controlling Shareholders—Our Controlling Shareholders”.

DEFINITIONS

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

“A Share(s)”	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
“A Shareholder(s)”	holder(s) of our A Share(s)
“Accountants’ Report”	the accountants’ report of our Company for the Track Record Period, as included in Appendix I to this document
“affiliate(s)”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Articles” or “Articles of Association”	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix V to this document
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Beijing Jinghongzhi”	Beijing Jinghongzhi Technology Co., Ltd. (北京京鴻志科技有限公司), a company established on September 10, 2001 in the PRC, one of our Major Subsidiaries
“Beijing OmniVision”	Beijing OmniVision Technologies Company Limited (北京豪威科技有限公司), a company established on July 15, 2015 in the PRC, one of our Major Subsidiaries
“BIS”	the U.S. Department of Commerce’s Bureau of Industry and Security
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	a day on which banks in Hong Kong are generally open to the public for normal banking business and which is not a Saturday, Sunday or public holiday in Hong Kong
“Capital Market Intermediaries”	the capital market intermediaries as named in the section headed “Directors and Parties Involved in the Global Offering” in this document

DEFINITIONS

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China”, “Chinese Mainland” or “PRC”	the People’s Republic of China, unless the context requires otherwise, excluding, for the purposes of this document only, the regions of Hong Kong, Macau and Taiwan of the People’s Republic of China
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company” or “the Company”	OmniVision Integrated Circuits Group, Inc. (豪威集成電路(集團)股份有限公司) (previously known as Will Semiconductor Co., Ltd. Shanghai (上海韋爾半導體股份有限公司)), a PRC company established on May 15, 2007, the A Shares of which have been listed on the Shanghai Stock Exchange (Stock Code: 603501)
“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)”	refers to the person(s) named in “Relationship with Our Controlling Shareholders” in this document, being Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of RMB2,440 million issued by the Company in December 2020
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“EIT”	the enterprise income tax
“EIT Education Foundation”	EIT Education Foundation (寧波東方理工大學教育基金會), a foundation dedicated to scientific research and education
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
“FCPA”	the U.S. Foreign Corrupt Practices Act
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to

DEFINITIONS

	trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all new listings
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., our industry consultant
“Frost & Sullivan Report”	an industry report commissioned by us and independently prepared by Frost & Sullivan
“GDR”	a global depositary receipt which represents A Shares
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries from time to time, and where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“Guide for New Listing Applicants”	the Guide for New Listing Applicants issued by the Stock Exchange in December 2023
“H Share(s)”	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
“H Shareholder(s)”	holder(s) of our H Share(s)
“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, submitted 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
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“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 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, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant(s)”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong Offer Shares”	the 4,580,000 H Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, as further described in “Structure of the Global Offering—The Hong Kong Public Offering” in this document
“Hong Kong Takeovers Code” or “Takeovers Code”	Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting—Hong Kong Underwriters” in this document
“Hong Kong Underwriting Agreement”	the underwriting agreement dated Tuesday, December 30, 2025 relating to the Hong Kong Public Offering, entered into by, the Joint Sponsors, the Overall Coordinators, the Hong Kong Underwriters and our Company

DEFINITIONS

“Hunan Silicon”	Hunan Silicon Internet of Things Technology Co., Ltd. (湖南芯力特電子科技有限公司) (previously known as Changsha Dexin IoT Technology Co., Ltd.* (長沙得芯物聯科技有限公司)), a company established on December 31, 2020 in the PRC, one of our Major Subsidiaries
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Independent Third Party(ies)”	person(s) or company(ies) who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected persons
“International Offer Shares”	the 41,220,000 H Shares being initially offered for subscription under the International Offering together with, where relevant, any additional H Shares that may be issued pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in the section headed “Structure of the Global Offering” in this document)
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from the registration requirements under the U.S. Securities Act, as further described in the section headed “Structure of the Global Offering” in this document
“International Underwriters”	the underwriters expected to enter into the International Underwriting Agreement relating to the International Offering
“International Underwriting Agreement”	the international underwriting agreement expected to be entered into on or before Thursday, January 8, 2026, relating to the International Offering, by, among others, our Company, the Joint Sponsors, the Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in “Underwriting—International Offering” in this document
“Jinghongzhi Electronics”	Shenzhen Jinghongzhi Electronics Co., Ltd. (深圳市京鴻志電子有限公司), a company established on August 8, 2002 in the PRC, one of our Major Subsidiaries
“Joint Bookrunners”, “Joint Global Coordinators”, “Joint Lead Managers”	the joint bookrunners, the joint global coordinators, and the joint lead managers as named in the section headed “Directors and Parties Involved in the Global Offering” in this document
“Joint Sponsors”	the joint sponsors as named in the section headed “Directors and Parties Involved in the Global Offering” in this document

DEFINITIONS

“Latest Practicable Date”	December 21, 2025, being the latest practicable date for ascertaining certain information in this document before its publication
“Listing”	the listing of the H Shares on the Main Board
“Listing Committee”	the Listing Committee of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on or about Monday, January 12, 2026 on which the H Shares are to be listed and on which dealings in the H Shares are to be first permitted to take place on the Hong Kong Stock Exchange
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
“Major Subsidiaries”	the major subsidiaries of our Company listed in “History and Corporate Structure—Major Subsidiaries”
“MOF”	Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部)
“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 the Board
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%), expressed in Hong Kong dollars, at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined as described in “Structure of the Global Offering—Pricing and Allocation” in this document
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“OmniVision International Ontario”	OmniVision International Ontario LP, a limited partnership established on January 10, 2020 in Ontario, Canada, one of our Major Subsidiaries
“OmniVision Semiconductor Shanghai”	OmniVision Semiconductor (Shanghai) Co., Ltd. (豪威半導體（上海）有限責任公司) (previously known as Hua Wei Semiconductor (Shanghai) Co., Ltd.(華微半導體（上海）有限責任公司) and OmniVision Electronics (Shanghai) Co., Ltd.* (豪威電子（上海）有限公司)), a company established on January 19, 2001 in the PRC, one of our Major Subsidiaries
“OmniVision TDDI”	OmniVision TDDI Ontario Limited Partnership, a limited partnership established on June 9, 2021 in Ontario, Canada, one of our Major Subsidiaries
“OmniVision Technologies”	OmniVision Technologies, Inc., a company incorporated in Delaware, USA on February 28, 2000, one of our Major Subsidiaries
“OmniVision Technology Beijing”	OmniVision Technology (Beijing) Limited Corp (豪威科技（北京）股份有限公司) (previously known as Beijing Superpix Micro Technology Co., Ltd. (北京思比科微電子技術股份有限公司)), a company established on September 28, 2004 in the PRC, one of our Major Subsidiaries
“OmniVision Technologies Singapore”	OmniVision Technologies Singapore Pte. Ltd., a company established on March 30, 2012 in Singapore, one of our Major Subsidiaries
“OmniVision Touch & Display”	OmniVision Touch and Display Technologies Pte. Ltd., a company established on June 8, 2021 in Singapore, one of our Major Subsidiaries
“Overall Coordinators”	the overall coordinators as named in the section headed “Directors and Parties Involved in the Global Offering” in this document
“Over-allotment Option”	the option expected to be 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, pursuant to which our Company may be required to allot and issue up to an aggregate of 6,870,000 additional H Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, details of which are described in “Structure of the Global Offering—Over-allotment Option” in this document

DEFINITIONS

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Qingdao Qingen”	Qingdao Qingen Asset Management Co., Ltd.* (青島清恩資產管理有限公司), a company established on February 22, 2018 in the PRC, one of our Controlling Shareholders
“PRC Company Law”	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
“PRC government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“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 between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or before Thursday, January 8, 2026 and in any event no later than 12:00 noon on Thursday, January 8, 2026 on which the Offer Price is to be fixed for the purposes of the Global Offering
“QFIs”	Qualified Foreign Institutional Investors and RMB Qualified Foreign Institutional Investors
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Evaluation Committee”	the remuneration and evaluation committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of Chinese Mainland
“SAFE”	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAMR”	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO” or “Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai OmniVision”	OmniVision IC Group Co., Ltd. Shanghai (上海豪威集成電路集團有限公司) (previously known as OmniVision Sensor (Shanghai) Co., Ltd.* (豪威傳感器 (上海) 有限公司)), a company established on July 2, 2021 in the PRC, one of our Major Subsidiaries
“Shanghai Qingen”	Shanghai Qingen Asset Management Partnership (Limited Partnership)* (上海清恩資產管理合夥企業 (有限合夥)), a partnership established on January 27, 2016 in the PRC, one of our Controlling Shareholders
“Shaoxing Weihao Business”	Shaoxing Weihao Business Management Partnership (Limited Partnership) (紹興韋豪企業管理諮詢合夥企業 (有限合夥)), a partnership established on June 24, 2021 in the PRC, one of our Major Subsidiaries
“Shaoxing Weihao Management”	Shaoxing Weihao Equity Investment Funds Management Partnership (Limited Partnership) (紹興市韋豪股權投資基金合夥企業 (有限合夥)), a partnership established on December 12, 2017 in the PRC, one of our Controlling Shareholders
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	holder(s) of our Share(s)
“Shenzhen Jinghongzhi”	Shenzhen Jinghongzhi Logistics Co., Ltd. (深圳市京鴻志物流有限公司), a company established on May 15, 2014 in the PRC, one of our Major Subsidiaries
“SIX Swiss Exchange”	SIX Swiss Exchange AG
“Stabilizing Manager”	China International Capital Corporation Hong Kong Securities Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Stock Option Incentive Plans”	the 2023 First Phase Stock Option Incentive Plan, the 2023 Second Phase Stock Option Incentive Plan, and the 2025 Stock Option Incentive Plan, the principal terms of which are set out in “Statutory and General Information — 4. Our Incentive Schemes — Stock Option Incentive Plans” in Appendix VI to this document
“Strategy and Development Committee”	the strategy and development committee of the Board
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Superpix Technology”	Superpix Technology (Hong Kong) Limited (思比科(香港)有限公司), a company established on March 25, 2019 in Hong Kong, one of our Major Subsidiaries
“TDDI Business”	Synaptics’ Asia-based single-chip LCD TDDI business we acquired in 2020
“Track Record Period”	the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025
“U.S.”, “US”, “USA” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdictions
“U.S. dollars”, “US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933 and the rules and regulations promulgated thereunder
“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
“Waching Electronic”	HK WACHING ELECTRONIC (GROUP) LIMITED (香港華清電子(集團)有限公司), a company established on September 5, 2006 in Hong Kong, one of our Major Subsidiaries
“Will Semiconductor”	WILL semiconductor Limited (韋爾半導體香港有限公司), a company established on August 12, 2008 in Hong Kong, one of our Major Subsidiaries

DEFINITIONS

“Zhejiang Will” Zhejiang Will Equity Investment Co., Ltd. (浙江韋爾股權投資有限公司), a company established on June 15, 2020 in the PRC, one of our Major Subsidiaries

“%” percent

Unless otherwise specified, in this document:

- (a) certain amounts and percentage figures 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; and
- (b) for ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, nature persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this document in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usage of those terms.

“ μm ”	micron
“4K2K”	a frame size of 3,840 x 2,160 or 4,096 x 2,160 pixels
“AI”	artificial intelligence
“adaptive cruise control”	a type of advanced driver-assistance system for road vehicles that automatically adjusts the vehicle speed to maintain a safe distance from vehicles ahead
“ADAS”	advanced driver assistance systems
“AMOLED”	active matrix organic light emitting diodes, a type of organic light emitting diode that uses TFT to control individual pixels, enabling potentially better image quality and lower power consumption
“AR”	augmented reality, a technology that overlays virtual digital images and information onto real world environment
“artifact-free images”	images without visible imperfections or distortions
“ASIC”	application specific integrated circuit, an IC designed for specific purposes and manufactured for specific user requirements and electronic systems
“autoclavable”	the ability of a material or product to withstand the high-pressure steam sterilization process of an autoclave
“avalanche diodes”	diodes that are designed to experience avalanche breakdown at a specified reverse bias voltage
“back-over incidents”	incidents occur when a backing vehicle strikes a worker who is standing, walking, or kneeling behind the vehicle
“BSI”	backside illumination
“CameraCubeChip”	fully integrated CMOS-based chip products with high-quality camera functionality in very small footprints and low profiles to deliver miniature camera modules that fit in tiny spaces, allowing for multiple cameras in one device
“CAN”	Controller Area Network, a widely used field bus with a higher speed protocol primarily used in more demanding applications

GLOSSARY OF TECHNICAL TERMS

“CAGR”	compound annual growth rate
“catheter”	a flexible tube inserted through a narrow opening into a body cavity, particularly the bladder, for removing fluid
“CCD”	charge-coupled device, a light sensitive IC that converts photons into electrical charges, which are then processed to form an image
“chief ray angle tolerance”	the acceptable range of angles for the chief ray, which is the ray passing through the center of the lens aperture, relative to the sensor
“chip-on-tip”	an endoscopic imaging technology where the image sensor chip is positioned directly on the distal tip of the endoscope
“chip-on-tip image sensors”	the placement of an imaging sensor on the distal tip of a device such as an endoscope
“CIS”	CMOS image sensor, a semiconductor device that captures images by converting light into electrical signals, widely used in smartphones, digital cameras and automobiles
“CMOS”	complementary metal-oxide semiconductor, a technology used in the design and manufacturing of ICs
“color fidelity”	the effect of the light on the color appearance of objects by conscious or subconscious comparison
“crosstalk”	unwanted transfer of signals between communication channels
“DC”	direct current
“DCG”	dual conversion gain, an image sensor technology that allows each pixel to be read out with both a high and low conversion gain
“DDIC”	display driver integrated circuit, a semiconductor device that serves as an interface between microprocessors and display technologies
“Depth of Field”	the distance between the nearest and the furthest objects giving a focused image
“design win”	where a component or subsystem (such as a chip, sensor, or module) is selected by a customer to be integrated into their product design.
“DMS”	driver monitoring system

GLOSSARY OF TECHNICAL TERMS

“discrete semiconductor”	single semiconductor with a single function
“display driver”	a specialized chip that allows a device’s processor to send signals to the screen, to show images, videos and texts
“distortion correction”	a process used to fix image or video distortions caused by optical imperfections in lenses or other imaging systems
“driving circuit”	an electronic circuit designed to control and manage the flow of electrical power to a specific component or load
“Edge AI”	technology paradigm that combines the capabilities of AI with edge computing, deploying AI algorithms and models directly on edge devices, such as IoT sensors, smartphones, industrial machines and other local computing devices
“eDP”	a specialized version of the DisplayPort standard designed for internal display connections within devices like laptops, tablets, and all-in-one computers
“endoscope”	a medical device with a camera and light source, used to visualize the inside of the body through natural openings
“ESG”	environmental, social and corporate governance
“EV”	a motor vehicle whose propulsion is powered fully or mostly by electricity
“EVS”	event-based vision sensor, a type of imaging sensor that detects changes in light intensity at the pixel level
“fabless”	a business model of semiconductor companies that design and sell semiconductor products and solutions while relying on external foundries for semiconductor fabrication
“fabrication”	the process of manufacturing or constructing products by assembling, shaping, or processing raw materials through various techniques and steps
“FAE”	field application engineer
“FHD”	full high definition
“fiberscopes”	flexible endoscopes that utilize bundles of optical fibers to transmit images from a remote location to an eyepiece or camera, enabling the visualization of internal or otherwise inaccessible areas
“foundry”	a semiconductor company with fabrication facilities that manufactures semiconductor chips for other companies

GLOSSARY OF TECHNICAL TERMS

“fps”	frames per second
“framebuffer”	a portion of random-access memory containing a bitmap that drives a video display
“global mandates”	official regulations or requirements issued by governments or regulatory bodies worldwide that compel compliance with specific standards or practices
“global shutter”	an image sensor technology that captures an entire image all at once
“HALE”	our proprietary HDR and LFM solution
“HD”	high definition
“HDR”	high dynamic range
“HUD”	head-up display, projects driving related information onto the windshield or a small screen in front of the driver
“H/V”	horizontal/vertical
“IC”	integrated circuit, also known as chips which are essential to modern electronic devices, examples include processor ICs and memory ICs used in smartphones and computers
“ICE”	Internal Combustion Engine, an engine which generates motive power by the burning of petrol, oil, or other fuel with air inside the engine, the hot gases produced being used to drive a piston or do other work as they expand
“IGBT”	insulated gate bipolar transistor, a power transistor that acts as a high-speed switch
“image sensor”	a device that detects and conveys information used to form an image
“IoT”	Internet of Things, the network of physical objects that are embedded with sensors, software, and other technologies to connect and exchange data with other devices and systems over the internet
“ISPs”	Image Signal Processors, specialized components in digital cameras and other imaging devices that process raw image data from the sensor into a usable, high-quality image
“ITS”	intelligent transportation system, examples include real-time traffic monitoring and signal control and electronic toll collection

GLOSSARY OF TECHNICAL TERMS

“LCD”	liquid crystal display, a flat panel display technology that uses liquid crystals to modulate light and create images
“LCOS”	liquid crystal on silicon, a microdisplay technology that combines liquid crystal and silicon backplane technology to create high-resolution, reflective displays
“LDO”	low dropout regulator, a type of voltage regulator that can maintain a stable output voltage
“LED”	light emitting diode
“LED flicker”	the rapid and repetitive variation in brightness of LED light sources, which can cause visual discomfort and interfere with image capture, especially in cameras and machine vision systems
“legal mandates”	official laws or regulations enacted by governmental authorities that require compliance with specific rules or standards
“Level 2+”	a level of autonomous driving that allows drivers to take their hands off the wheel but must always keep their eyes on the road
“LFM”	LED flicker mitigation, techniques used to reduce or eliminate the flickering effect produced by LED lights, particularly when captured by cameras
“LiDAR”	Light Detection and Ranging, a remote sensing method that uses laser light to measure distances to objects and create detailed 3D representations of the environment
“LIN”	Local Interconnect Network, a widely used field bus with a lower speed protocol that are used in less critical functions
“LOFIC”	lateral overflow integration capacitor, a component in CIS that enhances dynamic range by storing overflow charge from the photodiode in a large capacitor
“MCU”	microcontroller unit, a small, self-contained computer on a single IC
“modularized”	designed as independent, self-contained components or units that can be easily reused, replaced, or combined to form larger, integrated systems or solutions
“MOSFET”	metal oxide semiconductor field effect transistor, a type of transistor used as an electronic switch or for signal amplification

GLOSSARY OF TECHNICAL TERMS

“MP”	megapixels
“NIR”	near-infrared, a portion of the electromagnetic spectrum with wavelengths just beyond the visible light range
“NPU”	neural processing unit, a specialized hardware accelerator designed to handle complex computations required for AI and machine learning
“Nyxel®”	unless the context indicates otherwise, Nyxel® is a near-infrared technology developed by OmniVision to enhance image sensor performance in low-light and no-light conditions
“ODM”	original design manufacturer, a company that designs and manufactures products, often based on specifications provided by another company
“OEM”	original equipment manufacturer, a company that produces parts or equipment that are then used by another company to build their own finished products
“OLED”	organic LED, a flat panel display technology used in devices like TVs, monitors, and smartphones
“overlay capabilities”	the ability to place one visual element on top of another, creating a combined view
“PC”	personal computer
“PCB”	printed circuit board
“pixel architectures”	the physical structure and components of individual pixels within a sensor, designed to capture light and convert it into an electrical signal
“pixel miniaturization”	the reduction the physical size of individual pixels in image sensors, particularly in cameras and displays
“PMIC”	power management IC, an IC designed to manage and distribute power within an electronic device
“PSRR”	power supply rejection ratio, a measure of how well a circuit can reject noise or ripple present on its power supply
“pulse width modulation dimming”	a technique used to control the brightness of lights, especially LEDs, by rapidly switching them on and off at a high frequency

GLOSSARY OF TECHNICAL TERMS

“PureCel®Plus”	unless the context indicates otherwise, PureCel®Plus is a technology developed by OmniVision to enhance sensory technology by introducing buried color filter array
“QPD”	quad phase detection, a technique used in image sensors to improve autofocus performance and low-light capabilities
“quantum efficiency”	a measure of how efficiently a device converts input energy into a desired output
“rod lenses”	lenses having the geometrical form of a cylinder
“RVC”	rear view camera
“SBC”	system basis chip, a semiconductor device that integrates various functions commonly needed in automotive electronic control units onto a single chip
“semiconductor”	a solid substance that has a conductivity between that of an insulator and that of most metals, either due to the addition of an impurity or because of temperature effects
“SerDes”	Serializer/Deserializer, an IC or a pair of ICs used in high-speed communication to convert parallel data into a serial stream for transmission and then back into parallel data at the receiving end
“SoC”	System-on-Chip, an IC that combines all or most components of an electronic system onto a single chip
“SLAM”	simultaneous localization and mapping, a technology that enables robots or other autonomous vehicles to build a map of an unknown environment while simultaneously determining their own location within that map
“smart cockpit”	an advanced automotive innovation that integrates human-machine interfaces, connectivity, and artificial intelligence to enhance the driving experience
“Snapdragon Ride™ Platform”	unless the context indicates otherwise, Snapdragon Ride™ Platform is a customizable SoC platform developed by Qualcomm for automated driving and advanced driver-assistance systems
“SNR”	signal-to-noise ratio, a measure that compares the strength of a desired signal to the strength of background noise
“stacked die architecture”	a semiconductor packaging technique where multiple silicon dies are vertically stacked and interconnected within

GLOSSARY OF TECHNICAL TERMS

	a single package, enabling higher performance, increased functionality, and reduced footprint compared to traditional side-by-side arrangements
“staggered HDR technology”	improves the contrast ratio by capturing a couple of frames under different exposure conditions
“taping-out”	the final stage in the IC design process where the completed design layout is delivered to the semiconductor foundry for photo mask production and subsequently used in wafer fabrication.
“TCON”	timing controller, a component that controls the timing and placement of pixels on the screen, ensuring the image is displayed correctly
“TDDI”	touch and display driver integration, a technology that combines the touch sensor and display driver into a single chip
“TED”	TCON embedded driver, an IC that combines the functionality of a TCON and source drivers
“TheiaCel®”	unless the context indicates otherwise, TheiaCel® is a technology developed by OmniVision that enables enhanced image quality regardless of lighting conditions
“TVS”	transient voltage suppressor, a semiconductor device designed to protect electronic circuits from voltage spikes or surges
“video HDR crop zoom support”	the capability to capture and display HDR video while enabling digital cropping and zooming functions without significant loss of image quality
“VR”	virtual reality, computer-generated, simulated environment
“wafer”	a thin slice of semiconductor, such as a crystalline silicon, used for the fabrication of integrated circuits
“wafer-level optics”	a manufacturing technique that utilizes semiconductor fabrication methods to produce micro-optical components and systems on a wafer scale
“WSTS”	World Semiconductor Trade Statistics

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events, or performance (often, but not always, through the use of words or phrases such as “aim”, “anticipate”, “aspire”, “believe”, “could”, “estimate”, “expect”, “goals”, “going forward”, “intend”, “may”, “objective”, “ought to”, “outlook”, “plan”, “project”, “projection”, “seek”, “schedules”, “should”, “target”, “vision”, “will”, “would”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to, the following:

- our mission, goals and strategies;
- our future business development, financial conditions and results of operations;
- expected growth of the industries in which we operate or into which we intend to expand;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with customers, business partners, suppliers and other partners;
- changes in the macro environment, regional and global economy, as well as industry trends related to our operations;
- our ability to adequately protect our reputation and brand image, as well as our intellectual property rights;
- our ability to obtain adequate capital resources to fund future development plans;
- our ability to control costs, as well as to achieve and maintain operational efficiency;
- our ability to attract and retain qualified personnel;
- competition in the industries and markets in which we operate or into which we intend to expand;
- our proposed use of proceeds;
- rapid developments in technology and our ability to successfully keep up with technological advancement;
- changes in currency exchange rates;
- relevant government policies and regulations relating to industries in which we operate;
- volatilities in interest rates, equity prices, volumes, operations, margins, risk management and overall market trends; and

FORWARD-LOOKING STATEMENTS

- various risks and uncertainties described in “Risk Factors”.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by the Listing Rules, we undertake no obligation to update or otherwise revise any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. All forward-looking statements in this document are expressly qualified by reference to the cautionary statements in this section.

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

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You should carefully consider all of the information in this prospectus, including the following risk factors before making any investment decision in relation to the H Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market price of the H Shares could fall significantly due to any of these risks, and you may lose all or part of your investment.

Risks Relating to Our Business and Industry

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

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

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

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

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

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

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

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

- accurate prediction of market requirements and evolving technical standards, such as those surrounding imaging pixel resolution, output interface standards, power requirements, optical lens size, input standards and operating systems;
- development of advanced technologies and capabilities;
- timely development completion and introduction of new semiconductor solutions that satisfy our customers' and their customers' requirements and specifications;
- development of semiconductor solutions that maintain technological advantages over the solutions of our competitors, such as advantages with respect to the functionality and imaging pixel capability of our digital imaging solutions and our proprietary testing processes; and
- market acceptance of our new semiconductor solutions.

Accomplishing all of these factors is difficult, time consuming and expensive. We may be unable to develop new semiconductor solutions or technological enhancements in time to capture market opportunities, satisfy the requirements and specifications of our customers and their respective customers, or achieve significant or sustainable acceptance in new and existing markets. If our competitors develop new solutions or technologies on a more expedited basis than us or are successful in developing solutions that are accepted more rapidly and broadly by the market than our solutions, we could lose market share. Matching or surpassing technological advances that may be developed by

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our competitors could require an extended period of time. In addition, our solutions could become obsolete sooner than anticipated due to a rapid change in one or more of the technologies related to our solutions or the reduced life cycles of consumer and industrial products.

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

Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations.

International expansion is a significant component of our growth strategy and may require significant capital investment, which could strain our resources and adversely impact our business operations and financial performance. During the Track Record Period, revenue generated outside Chinese Mainland accounted for 83.3%, 86.1%, 85.0%, 86.7% and 84.2% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. See “Financial Information” for more details. We are subject to PRC law in addition to the laws of the foreign countries and regions in which we operate. If any of our operations, or our associates or agents, violate such laws, we could become subject to sanctions or other penalties, which could negatively affect our reputation, business, financial condition and results of operations.

In addition, we may face difficulties in managing our foundry partners, third-party providers of packaging services, distributors and other business partners on a global scale. Any negative changes in the global geopolitical environment may materially and adversely affect our ability to secure stable supplies from our foundry partners and, more generally, our ability to conduct our business. The following are some of the risks inherent in doing business globally that may not be applicable to companies focused on one single geographic market:

- difficulties in developing, staffing and simultaneously managing an overseas operation as a result of distance, language and cultural differences;
- challenges in formulating effective local sales and marketing strategies targeting users from various jurisdictions and cultures;
- geopolitical turmoil and instability in the regions where we operate, and any resulting disruption, instability or volatility in the global markets and industries resulting from such conflicts;
- political or social unrest or economic instability within a country or region;
- transportation and communication delays;
- longer customer payment cycles;
- the adverse effects of tariffs, duties, price controls, embargos or other restrictions that impair trade;

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- currency exchange rate fluctuations;
- decreased visibility as to future demand;
- difficulties in trade receivables collections;
- compliance with applicable foreign laws and regulations and unexpected changes in laws or regulations, including compliance with labor practices, environmental laws, and compliance costs across different legal systems; and
- claims and lawsuits, including class actions, brought against us from courts or regulators of other jurisdictions, which could materially and adversely affect our reputation, business and results of operations. See also “—If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management’s attention may be diverted and we may incur substantial costs and liabilities.”

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have potentially led to high tariffs, increased export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. From February to April 2025, the United States imposed a series of additional tariffs peaked at 145% on all Chinese goods, except for certain consumer electronics produced in China, which was lowered to 30% until August 11, 2025 and further until November 10, 2025 based on the joint statement between China and U.S. issued on May 12, 2025 and an executive order signed by the president of the United States on August 11, 2025. As of the Latest Practicable Date, the U.S. imposed 70% tariffs in aggregate on semiconductor products from China. On December 23, 2025, the U.S. announced that it would increase tariffs on Chinese semiconductor imports, with an initial tariff level of zero, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. There is still a high degree of uncertainty surrounding U.S. tariff policy, how it will be implemented, and how other countries will react to it. It also remains unclear whether increased tariffs and trade tensions will further disrupt international trade or lead to a downturn in the global economy. If any new tariffs, legislation, or regulations are implemented, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition, and results of operations.

In recent years, the United States has increased export controls restrictions on China through the Export Administration Regulations (the “**EAR**”) administered by the Bureau of Industry and Security of the United States Department of Commerce (the “**BIS**”). See “—We are subject to risks associated with sanctions and export control laws and regulations.” for more details.

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

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

The EAR regulates U.S. export controls, and the BIS administers the EAR. The U.S. export control regime regulates the export, re-export or in-country transfer or disclosure of U.S. origin products, software, and technology to non-U.S. jurisdictions and non-U.S. persons based on the nature of the product or technology, as well as the destination, transferee, or end-use of a specific export, re-export or in-country transfer. In addition to U.S. origin products, a non-U.S.-produced item can be

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subject to the EAR if it incorporates or bundles U.S.-origin controlled items valued at a certain ratio or utilizes certain U.S.-controlled software or technologies during the production process. While most of the EAR's restrictions are based on the country to which an item is exported, the BIS also maintains lists of persons that are subject to enhanced export control restrictions. One such list includes non-U.S. persons on which certain additional trade restrictions are imposed (the "**Entity List**"). The export, re-export and in-country transfer of items subject to the EAR to an entity on the Entity List is generally prohibited unless a license exception is available or specified license requirements are met. Certain of our customers have been added to the Entity List, and in some cases, a license is required for the export, re-export, and in-country transfer of items to these customers. In recent years, the BIS has added hundreds of Chinese entities to the Entity List for a variety of reasons, including foreign policy, defense policy, and national security. Additional customers or suppliers may be added to the Entity List and become subject to restrictions from sourcing or selling technologies, software, or components from or to us. We may not be able to obtain, extend or maintain the requisite licenses in relation to our transactions with these customers and suppliers.

The U.S. government also implements economic sanctions, primarily through the U.S. Department of Treasury Office of Foreign Assets Control ("**OFAC**"), and OFAC-administered sanctions have increasingly targeted persons and entities in China. These restrictions and regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions, may affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business.

In 2022, 2023, 2024, and in the six months ended June 30, 2025, we had 5, 4, 8 and 7 customers, respectively, and 2, 1, 4 and 3 suppliers, respectively, that were included on the Entity List and/or the NS CMIC List during these respective periods. See "Business—Risk Management and Internal Control" for more detail. However, U.S. export rules and sanctions are complex and subject to significant changes. Also, as the EAR, U.S. sanctions laws and other regulations and their implementation can change, future developments in sanctions and export controls could significantly impact our business relationships with some of the key customers or suppliers. If we fail to promptly secure alternative customers or sources of supply on acceptable terms, our business may be materially and adversely affected. In addition, dealing with customers and suppliers on the Entity List can also make us vulnerable to enforcement actions or Entity List designation, considering that the Chinese semiconductor industry is an enforcement focus for the U.S. government. Any of these developments could have a material adverse impact on our reputation, business prospects, and financial condition.

We depend on the increased acceptance of semiconductor applications in various verticals to grow our business and increase our revenue.

Our business strategy depends in large part on the continued growth of the various verticals into which we sell our semiconductor solutions, including the verticals for smartphone, automobile, medical, surveillance and emerging markets. See "Summary—Summary of Historical Financial Information" for details on the breakdown of our revenue from advanced digital imaging solutions by industry vertical during the Track Record Period. If these verticals do not grow and develop as we anticipate, or our customers fail to market and sell their products as they anticipate in the verticals for reasons out of our control, we may be unable to sustain or grow the sales of our solutions. The seasonal and cyclical nature of the growth of the verticals of our semiconductor solutions could also adversely

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affect the demand of our solutions and our ability to accurately forecast market demand, leading to fluctuations in our business, financial condition and results of operations. For details, see “—Our business is subject to seasonal and cyclical fluctuations which may in turn cause fluctuations in our results of operations and cash flows from period to period.” In addition, our business and financial condition may be adversely affected if certain new verticals do not emerge or develop as expected. Securities analysts may factor revenue from such new verticals into their future estimates of our financial performance and should such verticals not develop as expected, such estimates, our business and financial condition could be adversely affected.

In particular, sales to the smartphone and automotive verticals account for a large portion of our revenue from advanced digital imaging solutions. See “Summary—Summary of Historical Financial Information” for details on the breakdown of our revenue from advanced digital imaging solutions by industry vertical during the Track Record Period. We expect that sales of our solutions to the smartphone and automotive verticals will continue to account for a meaningful portion of our revenue in the future. Any factors adversely affecting the demand for our solutions in these verticals could cause our business to suffer and adversely affect our business, financial condition and results of operations.

If we do not continue to achieve design wins with key manufacturers or if we experience a cutback in orders from our major customers, our market share and revenue could decrease. The smartphone and automotive semiconductor markets are also subject to rapid technological change. In order to compete successfully in these verticals, we will have to correctly forecast customer demand for technological improvements and be able to deliver such solutions on a timely basis at competitive prices. If we fail to do so, our business, financial condition and results of operations could be materially and adversely affected.

Our solutions have also been and will continue to be incorporated into other consumer and industrial applications, including in the medical, surveillance, and emerging markets. As our solutions begin to fill a greater role in these other verticals, the challenges and risks that we face in these other verticals could increase and could be similar to some of the challenges and risks that we face in the smartphone vertical. If our sales to these verticals do not increase and/or these verticals do not grow as expected, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

We have experienced and expect to continue facing price comparison due to increasingly competitive conditions in the verticals we serve. We are faced with strong pricing pressure that we continue to experience. Unless we can increase unit sales volume or successfully introduce higher-value offerings, our revenue derived from existing products and solutions may decline. Historically, we have incurred, and expect to continue to incur significant amount of research and development expenses in the long-term to develop new products and solutions with more advanced features that can be sold at higher selling prices and/or manufactured at lower cost. In 2022, 2023, 2024 and in the six months ended June 30, 2025, our research and development investments included research and development expenses which amounted to RMB2.5 billion, RMB2.2 billion, RMB2.7 billion and RMB1.4 billion, respectively and capitalized development expenditure which amounted to RMB683.8 million, RMB692.5 million, RMB623.2 million and RMB359.7 million, respectively. However, if we are unable to do so in a timely manner, or if we are unable to successfully develop

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more cost-effective technologies, our financial results could be adversely affected. Sustained pricing pressure could adversely affect our gross profit margin. If we are unable to offset declining prices through cost reductions or product improvements, our profitability will be negatively impacted, which could materially affect our business, financial condition and results of operations.

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

Historically, our top five customers in each year/period accounted for a substantial portion of our revenue. In 2022, 2023, 2024 and in the six months ended June 30, 2025, approximately 55.2%, 55.9%, 51.0% and 50.3%, respectively, of our revenue came from sales to our top five customers in the respective year/period. Any material delay, alteration, cancelation or reduction of purchase orders from or change in the purchasing patterns of such customers, which may in turn be attributable to changes in their respective customers' demand and purchasing patterns, could have a material and adverse impact on our business, financial condition and results of operations.

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

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

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

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

As of December 31, 2022, 2023, 2024 and June 30, 2025, we had inventories of RMB12.4 billion, RMB6.3 billion, RMB7.0 billion and RMB8.0 billion, respectively. As we plan to continue expanding our product offerings, we may increase our inventory level, which will make it more challenging for us to manage our inventory effectively and will put more pressure on our warehousing system. To weather the impact of rising manufacturing costs and tightening supplies, we may strategically raise our inventory level from time to time, which can cause potential liquidity constraint to our operating cash flow and expose us to greater risk of negative price fluctuations. During the Track Record Period, we recorded write-down of inventories due to the lower estimated realizable value of our inventories than their costs. We recorded write-down of inventories of RMB1.4 billion in 2022, RMB363.8 million in 2023, RMB324.9 million in 2024, RMB122.6 million and RMB120.3 million in the six months ended June 30, 2024 and 2025, respectively. If we fail to manage our inventory effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in inventory values, and significant inventory write-downs or write-offs. In addition, we may be required to lower sale prices in order to reduce inventory level, which may lead to lower gross profit margin. High inventory levels may also require us to commit substantial capital resources, preventing us from using that capital for other important purposes. On the other hand, if we underestimate the demand for our products and solutions, or if our foundry partners fail to supply quality wafers in a timely manner, we may experience inventory shortages, which might result in missed sales, diminished brand loyalty and lost revenue. Any of the above may materially and adversely affect our business, financial condition and results of operations.

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

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

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

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

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

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

- reduced control over delivery schedules, quality assurance, manufacturing yields and production costs;
- lack of guaranteed production capacity or product supply;
- unavailability of, or delayed access to, next generation or key process technologies; and
- financial difficulties or disruptions in the operations of third-party foundries due to causes beyond our control, including geopolitical uncertainties. See also "—Our international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations."

The size of the orders we place with the foundries depends on actual or anticipated sales volumes of our products. Because our foundry partners also provide services to other companies, in the event they receive increased orders from us or other companies that they service, they may be unable to provide us with the requested quantity of supplies, may subordinate our request to the requests of other companies or may increase the prices they charge us. In recent years, the global semiconductor industry, including us, experienced wafer supply constraints. The semiconductor industry has been experiencing a wafer supply constraint for years, in particular, during the period when global supply

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chain volatility coincided with surging demand. Notably, certain materials for producing a wafer are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues may limit the foundries to obtain such materials. During each period of the Track Record Period and up to the Latest Practicable Date, the Company had maintained a stable supply of wafers from multiple semiconductor manufacturers, and expects to maintain such stable relationship for the foreseeable future. During the Track Record Period and up to the Latest Practicable Date, the wafer supply constraint had not had a material impact on the Company's business operations and financial performance. The wafer supply constraint may force companies in the industry to take certain actions such as allocating available products and solutions among customers or increasing the prices of products and solutions. This could result in harm to customer relations, the loss of sales and, in some cases, the loss of future business with those customers. If constraints in supply exist or if for any reason our foundry partners are unable to provide a sufficient number of wafers to us on a timely basis and at acceptable yields and costs, we may be unable to achieve future growth, which could result in our revenue, gross profit margin and other financial results being materially and adversely affected.

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

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

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

Larger suppliers could also be in a better position to bargain for higher prices, longer contract duration, higher deposit, higher breach of contract penalties or other preferential terms for their products and services, which could result in an increase in our cost or penalty expenses. The good

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working relationships we have established with third-party foundries could be disrupted, and our supply chain could suffer, if they were to experience a change in control.

Our sales through distributors increase the complexity of our business and may reduce our ability to forecast revenue.

In line with the market practice, we use distributors principally to facilitate the logistics of the transactions and provide credit to end-user customers. These distributors also assume responsibility for collections, product returns and customer support. Revenues from sales of our products and solutions to our distributors represented approximately 48.9%, 47.6%, 44.6% and 46.6% of our revenues in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. We expect that sales through distributors will continue to represent a significant proportion of our total revenue, although they may vary from year to year. Indirect distribution introduces a number of operational and financial complexities, and our ability to manage these relationships effectively is critical to maintaining accurate forecasting, stable cash flows, and healthy gross margins.

Selling through distributors reduces our ability to accurately forecast sales and increases the complexity of our business, and may require us to, among other matters:

- manage a more complex supply chain;
- monitor the level of inventory at each distributor;
- negotiate credits terms, return policies and pricing with each distributor;
- evaluate the impact of credit terms, return policies, pricing and unsold inventory associated with each distributor; and
- assess the financial condition and creditworthiness of our distributors.

Any failure to manage these challenges could cause us to inaccurately forecast sales and carry excess or insufficient inventory, thereby adversely affecting our business, financial condition and results of operations. In particular, failure to implement robust distributor management systems and controls—such as real-time inventory tracking, regular audits, contract enforcement, and financial monitoring—could result in inaccurate revenue forecasts, excess or obsolete inventory, write-downs, unexpected returns, or even legal disputes. These outcomes could materially and adversely affect our business, financial condition, results of operations, and stock price performance.

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

We rely on third-party service providers for substantially all of our semiconductor packaging processes. We also rely on several specialized service providers to perform other necessary processes, such as color filter application, and wafer probe tests. During the Track Record Period, costs attributable to the packaging and testing services providers accounted for approximately 12.6%, 10.6%, 12.2% and 11.7% of our total cost of revenue in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively. If for any reason one or more of these service providers become unable or unwilling to continue to provide services of acceptable quality, at acceptable costs or in a timely manner, our ability to deliver our solutions to our customers could be severely impaired. We would

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have to identify and qualify substitute service providers, which could be time consuming and difficult and could result in unforeseen operational problems. Substitute service providers might not be available or, if available, might be unwilling or unable to offer services on acceptable terms or prices.

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

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

There are prevailing standards in the industry for designing semiconductor solutions. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our customers.

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

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

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

Given this lengthy cycle described above, we may experience a delay between the time we incur expenditures for research and development and sales and marketing efforts and the time we

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

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

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

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

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

In addition, changes in manufacturing processes required as a result of changes in product specifications, changing customer needs and the introduction of new business lines may significantly reduce manufacturing yields, potentially affecting our gross profit margin at least in the short term. Poor manufacturing yields over a prolonged period of time could adversely affect our ability to deliver solutions

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on a timely basis, increase our gross profit margin, and maintain a stable relationship with our customers, which could materially and adversely affect our business, financial condition and results of operations.

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

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

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

We face various risks associated with our semiconductor distribution business. If we fail to manage and expand our relationships with our upstream suppliers, or otherwise fail to procure products on favorable terms, our business and prospects may suffer.

We source products from third-party suppliers for our semiconductor distribution business. In 2022, 2023, 2024 and in the six months ended June 30, 2025, our revenue generated from semiconductor distribution business amounted to approximately RMB3,564.8 million, RMB2,970.1 million, RMB3,938.9 million and RMB2,314.1 million, respectively, accounting for 17.8%, 14.2%, 15.3%, and 16.6% of our revenue in the same periods, respectively. Our major suppliers include domestic and cross-border manufacturers, distributors and resellers. Maintaining strong relationships with these suppliers is important to the growth of our business. In particular, we depend significantly on our ability to procure semiconductor components from suppliers on favorable pricing terms. We cannot assure you that our current suppliers will continue to sell semiconductor components to us on commercially acceptable terms, or at all. Even if we maintain good relationships with our suppliers, their ability to supply semiconductor components to us in sufficient quantity and at competitive prices may be adversely affected by economic conditions, labor actions, regulatory or legal decisions, customs and import restrictions, natural disasters or other causes. Our inventory management also presents risks, particularly in relation to products sourced from third-party suppliers. Managing inventory levels can become more complex due to limited visibility into end-market demand, potentially leading to excess or obsolete inventory. In addition, trade receivables collection cycles may be extended due to payment terms or disputes with downstream customers, which could impact cash flow stability. Inventory turnover days may also become less predictable, especially when sales depend on downstream distributors whose priorities may shift based on market conditions or competing product offerings. If we are unable to develop and maintain good relationships with suppliers that would allow us to obtain a sufficient amount and variety of electronic components with good quality on acceptable commercial terms, it may inhibit our ability to offer sufficient semiconductor components sought by our customers, or to offer these semiconductor components at competitive prices. In addition, for our semiconductor distribution

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business, in 2022, 2023, 2024 and the six months ended June 30, 2025, we distributed products to 216, 224, 226 and 159 downstream distributors which generated revenue for our semiconductor distribution business. These downstream distributors are independent third parties. Such sales may pose additional risks, such as channel conflict and inventory misalignment. Any adverse developments in our relationships with suppliers could materially and adversely affect our business, financial condition, results of operations and prospects. Any disputes with suppliers could adversely affect our reputation and subject us to damages and negative publicity. We also face potential liability, expenses for legal claims and harm to our business reputation in relation to the third-party semiconductor components we procure and resell. For details, see “—If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management’s attention may be diverted and we may incur substantial costs and liabilities.”

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

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

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

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

In addition, we have in the past acquired or invested in additional assets, technologies or businesses that are complementary to our existing business. For example, we acquired Hunan Silicon in March 2023, which specializes in mixed-signal IC designs, and TDDI Business in 2020, both of which have enhanced our technological capabilities and synergies across our business lines. We expect to continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy, including potential acquisitions of businesses, technologies, services, products and other assets, as well as strategic investments, joint ventures and alliances.

Investments or acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of

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

In addition, our financial results could be adversely affected by our investments or acquisitions. The investments and acquired assets or businesses may not generate the financial results we expect. They could result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. As of June 30, 2025, we had investments accounted by equity method of RMB458.5 million and goodwill of RMB3,629.6 million. We performed impairment tests for our goodwill and long-term equity investments. Our long-term equity investments are tested for impairment if there are indicators of impairment at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the asset's estimated future cash flows. See "Financial Information—Material Accounting Policies and Critical Accounting Estimates and Judgments—Impairment of Long-term Assets." Moreover, we share the results of the investments in associates which we account for as equity-accounted investments, although we have no control on the factors and risks that affect their business, results of operations and financial condition. We may not always be able to obtain gains from the equity-accounted investments. In 2022, 2023, 2024 and in the six months ended June 30, 2025, for example, our share of post-tax losses of equity accounted associates was a loss of RMB46.3 million, RMB38.8 million, RMB33.3 million and RMB4.0 million, respectively. The decrease in such loss during the Track Record Period was primarily due to the improving business performance of our invested associates. If our equity-accounted investments were in a loss position, we would also pick up their loss in our consolidated statement of operations. We may in the future incur losses or impairment charges in connection with our investments or acquisitions and pick up the losses of our equity-accounted investments, which could depress our profitability and have a material and adverse impact on our financial results. In addition, changes in accounting principles relating to recognition and measurement of our investments may have a significant impact on our financial results.

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

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

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

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- problems integrating the acquired key employees, operations, technologies or products into our existing business and semiconductor solutions;
- difficulty in maintaining uniform standards, controls, procedures and policies;
- adverse effects on existing business relationships with employees, customers, suppliers and strategic partners as a result of integration of new businesses and management personnel;
- risks associated with entering markets in which we lack experience; and
- negative publicity, litigation, government inquiries, investigations or actions against the companies we invest in or acquire, or even against our other businesses.

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

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

We have experienced rapid growth in recent years. Our revenue increased by 15.3% from RMB12.1 billion for the six months ended June 30, 2024 to RMB13.9 billion for the six months ended June 30, 2025, increased by 22.5% from RMB21.0 billion in 2023 to RMB25.7 billion in 2024 and increased from RMB20.0 billion in 2022 to RMB21.0 billion in 2023. However, there is no assurance that we will be able to maintain our historical growth rates in future periods. Our revenue growth may slow or our revenue may decline for any number of possible reasons, such as decreased customer orders, increased competition, slowdown in the growth or contraction of the semiconductor industry, changes in policies or general economic conditions, and natural disasters or outbreaks of pandemics. If our growth rate declines, investors' perceptions of our business and business prospects may be adversely affected and the prices of our ordinary shares and H Shares could decline.

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

Our growth has placed, and will continue to place, a significant strain on our management and other resources. To manage our growth effectively, we must, among other things:

- continuously improve our operational, financial and accounting systems;

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- train, manage and maintain good relations with our existing employee base;
- attract and retain qualified personnel with relevant experience;
- effectively manage trade receivables and inventory; and
- navigate evolving trade and investment policies—both domestically and internationally—that may impact our supply chain, market access, investment strategy, and overall business operations.

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

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

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

- general economic and political conditions in the countries and regions where we sell our semiconductor solutions;
- the timing of new product introductions by our customers and our competitors;
- seasonality and variability in the smartphone vertical and our other verticals;
- movements in exchange rates, which can impact our reported revenues, cost of goods sold, and profitability, especially given that we operate across multiple jurisdictions and transact in various currencies;
- fluctuations in interest rates, which may affect our financing costs, capital expenditures, and investment returns, particularly if we rely on variable-rate debt or seek to fund growth through external financing;
- unexpected changes in the manufacturing and delivery capabilities of our foundry partners and packaging service providers; and
- The imposition of additional trade and investment restrictions, tariffs, export controls, or sanctions that could increase our costs, disrupt our supply chain, limit our access to key markets, or constrain our ability to invest in or collaborate with certain technologies or jurisdictions.

In particular, the semiconductor industry is highly cyclical and has experienced significant downturns in the past, characterized by reduced product demand, production overcapacity, increased inventory levels, industry-wide fluctuations in demand, and substantial erosion of average selling

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prices. These industry cycles can be exacerbated by macroeconomic volatility, including rising interest rates, inflationary pressures, currency fluctuations, and geopolitical instability. As a result, the cyclical nature of the semiconductor industry may cause us to experience substantial period-to-period fluctuations in our business, financial condition, and results of operations. In particular, according to Frost & Sullivan, the global semiconductor industry experienced a cyclical downturn between 2022 and 2023, featured by inventory buildup, weakened consumer demand, and falling price across different products. In 2024, the industry began to show signs of a recovery across certain end markets, while the competition in those markets remain intense. For details, see “Industry Overview — Overview of the Global Semiconductor Industry”. The industry cycle has had, and will continue to have, an impact on the demand for and pricing of our various types of products on offer.

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

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

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

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

As of June 30, 2025, we had 5,582 full-time employees, a majority of whom worked in our research and development, production, and sales and marketing divisions. Competition for these personnel with the appropriate qualifications in the semiconductor industry can be intense, and we may experience difficulty in hiring and retaining such candidates. Failure to obtain stable and skilled

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personnel and other labor support may lead to underperformance of these functions and cause disruption to our business. Furthermore, our cost structure is vulnerable to increase in labor costs. If the compensation package we offer is not competitive in the market, we may not be able to provide sufficient incentives to or maintain a stable and dedicated talent pool. Any failure to address these risks and uncertainties could materially and adversely affect our business and results of operations. In addition, our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth on a timely fashion, or at all, and rapid expansion may impair our ability to maintain our corporate culture.

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

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

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

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

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

Cyber-attacks or other catastrophic events could result in interruptions or delays to us, our customers, or other third-party operations or services, financial loss, potential liability, and damage our

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reputation and affect our relationships with customers and suppliers. Further, we may be subject to theft, loss, or misuse of personal and confidential data regarding our employees, customers and suppliers that is routinely collected, used, stored, and transferred to run our business. Such theft, loss, or misuse could result in significantly increased business and security costs or costs related to defending legal claims. Compliance with privacy-related or data protection laws and regulations in each applicable jurisdiction can be costly, and material changes in these laws and regulations could result in increased costs on us in order to maintain compliance.

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

We have incurred negative operating cash flow in 2022, which we may experience again in the future.

We recorded RMB2.4 billion of net cash used in operating activities for the year ended December 31, 2022 primarily due to the higher inventory level and reduced payables during the year. We recorded a positive operating cash flow in 2023, 2024 and in the six months ended June 30, 2025. We cannot assure you that we will be able to keep positive cash flow from operating activities in the future. We intend to continue to proactively manage expense items that may affect our operating cash flow, but there can be no assurance that we will achieve this goal. In addition, there are other factors that could negatively affect our financial condition. For example, we expect to incur additional legal, accounting and other expenses that we did not incur before the completion of this Global Offering.

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

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

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Our use of some leased properties could be challenged by third parties or government authorities, and failure to renew our current leases or locate desirable alternatives for our facilities may cause interruptions to our business operations.

As of the Latest Practicable Date, we are not aware of any material claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to our leasehold interests in or use of such properties. We have not registered our 21 of our lease agreements with the relevant government authorities. Under the relevant PRC laws and regulations, we may be required to register and file with the relevant government authority executed leases. The failure to register the lease agreements for our leased properties will not affect the validity of these lease agreements, but the competent housing authorities may order us to register the lease agreements in a prescribed period of time and impose a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease if we fail to complete the registration within the prescribed time frame. The maximum penalty that we may be liable in relation to the failure of registering lease agreements during the Track Record Period was approximately RMB200,000. We cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be forced to relocate the affected operations. In addition, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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

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

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

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

Assertions against us by third parties for infringement of their intellectual property rights could divert management attention, result in significant costs and cause our business, financial condition and results of operations to suffer.

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

- ceasing the sale or use of products or services that incorporate the infringed intellectual property;
- obtaining from the holder of the infringed intellectual property a license to sell or use the relevant technology, which license may not be available on acceptable terms, if at all; or
- redesigning those products or services that incorporate the disputed intellectual property, which could result in substantial unanticipated development expenses and delay and prevent us from selling the solutions until the redesign is completed, if at all.

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

In addition, third parties may assert claims of infringement and misappropriation of proprietary rights based on the use or resale of our solutions against our business partners with whom we do business. In addition, the end-user customers may also be named as parties in these claims. Under our agreements with certain suppliers and customers, we may be required to defend protracted and costly litigation on their behalf, regardless of the merits of these claims, or to indemnify these parties for such claims. If we are required or agree to defend or indemnify any of our suppliers, customers or their end-user customers in connection with any claims of infringement or misappropriation of proprietary

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rights or injunctions are secured by third parties that prevent the sale of products that incorporate our solutions, we could incur significant costs and expenses and experience a significant decrease in our revenue that could adversely affect our business, financial condition and results of operations.

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

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

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

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

In addition, the laws of some jurisdictions do not protect intellectual property rights to the same extent as the laws or rules and regulations in jurisdictions such as the United States and Europe, and many companies have encountered significant difficulties in registering, protecting and defending such rights in certain jurisdictions. Furthermore, the legal systems of certain countries, particularly developing countries, may not favor the enforcement of patents, trade secrets and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or the sales and marketing of competing solutions in violation of our proprietary rights generally. Proceedings to enforce our patent rights in different jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, and our patent applications at risk of not

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issuing as patents, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate, which may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

As a publicly-listed company, we may face additional exposure to claims and lawsuits, including securities law class actions. We will need to defend against these lawsuits, including any appeals should our initial defense be successful. The litigation process may utilize a material portion of our cash resources and divert management's attention away from the day-to-day operations of us, all of which could harm our business. There can be no assurance that we will prevail in any of these cases, and any adverse outcome of these cases could have a material and adverse effect on our reputation, business, financial condition and results of operations. In addition, although we have obtained directors' and officers' liability insurance, the insurance coverage may not be adequate to cover our obligations to indemnify our Directors and officers, fund a settlement of litigation in excess of insurance coverage or pay an adverse judgment in litigation. Certain of our Directors may be subject to alleged class actions due to their current or previous directorships in other listed companies. Our Directors and executive officers may also face litigation or proceedings (including alleged or future securities class action) unrelated to their respective capacity as a Director or executive officer of our company, and such litigation or proceedings may adversely affect our public image and reputation.

Furthermore, our solutions have been incorporated into certain end-user products in the medical and automotive industries, and we expect that they will continue to increase as a percentage of our overall business. The use of the medical and automotive industry products into which our solutions are designed could result in an unsafe condition, injury, or even death as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information. These factors could result in product liability claims seeking damages for personal injury, and we could be named as a defendant in such claims. Because the outcome of product liability claims is not predictable and is difficult to assess or quantify, we cannot provide assurance that such claims will not materially and adversely affect our business or damage the reputation of our solutions or that of our company.

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

The semiconductor industry is subject to a variety of international and domestic laws and regulations governing pollution, environmental protection and occupational health and safety. Compliance with current or future environmental and occupational health and safety laws and regulations could restrict our ability to expand our business or require us to modify processes or incur other substantial expenses which could harm our business. Environmental and occupational health and safety laws and regulations have tended to become more stringent over time, causing a need to redesign technologies, imposing greater compliance costs and increasing risks and penalties associated with violations, which could seriously harm our business.

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

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

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

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

We, our shareholders, Directors, senior management, employees and business partners may be subject to negative media coverage and publicity from time to time. Such negative coverage in the media and publicity could threaten the perception of our reputation. In addition, to the extent our employees and business partners were non-compliant with any laws or regulations, we may also suffer negative publicity or harm to our reputation. As a result, we may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to diffuse them to the satisfaction of our investors and customers.

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

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our trade receivables were RMB2,501.9 million, RMB4,031.5 million, RMB3,963.9 million and RMB4,449.9 million,

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

Failure to comply with the terms of our indebtedness or enforcement of our obligations under any guarantee or other similar arrangement could have an adverse effect on our cash flow and liquidity.

As of June 30, 2025, we had long-term borrowings of RMB2,434.7 million. Under the terms of our indebtedness and under any debt financing arrangement that we may enter into in the future, we are, and may be in the future, subject to covenants that could, among other things, restrict our business and operations. If we breach any of these covenants, our lenders under our credit facilities and holders of our unsecured senior notes will be entitled to accelerate our debt obligations. Any default under our credit facilities or unsecured senior notes could require that we repay these debts prior to maturity as well as limit our ability to obtain additional financing, which in turn may have a material and adverse effect on our cash flow and liquidity. In addition, enforcement against us under any guarantee and other similar arrangements we may enter into in the future could materially and adversely affect our cash flow and liquidity.

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

We have adopted share incentive plans to provide additional incentives to employees, Directors and consultants. We recorded RMB271.3 million, RMB245.6 million and RMB107.6 million in share-based payments for the years ended December 31, 2022 and 2024 and for the six months ended June 30, 2025, respectively and RMB31.5 million in reversal for share-based payments for the year ended December 31, 2023. We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based awards to employees in the future. As a result, our expenses associated with share-based payments may increase, which may have an adverse effect on our results of operations.

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

As of June 30, 2025, our financial assets at fair value through other comprehensive income and through profit or loss in total amounted to RMB5,341.9 million, which primarily consisted of our investments in listed companies, private companies and industry funds which were measured at fair value through profit or loss and our investments in listed companies and private companies which were not held for trading and were measured at fair value through other comprehensive income. Financial assets at fair value through profit or loss are stated at fair value, and net changes in their fair value are recorded as other gains, net, and therefore directly affect our results of operations. We recorded losses of RMB221.2 million in 2022, and recognized gains of RMB246.9 million, RMB74.3 million and RMB52.9 million in 2023, 2024 and in the six months ended June 30, 2025, respectively, arising from changes in fair value.

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

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

We may be required to record a significant charge to earnings if our goodwill, intangible assets or other long-term assets become impaired.

Under IFRS, long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with finite useful lives are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For goodwill acquired from business combination and intangible assets with indefinite useful lives or not ready for intended use, irrespective of whether there is any indication of impairment, impairment should be tested at each year-end. Factors that may be considered a change in circumstances indicating that the carrying amount of our intangible assets may not be recoverable include a decline in market price of such assets, slower growth rates or other adverse changes in our industry and the macroeconomic conditions, and if such assets become idle or obsolete.

We may be required to record a significant charge to earnings in our financial statements during the period in which we determine that our intangible assets or other long-term assets have been impaired. Any such charge would adversely impact our results of operations. As of June 30, 2025, we had intangible assets of RMB1,896.7 million, goodwill of RMB3,629.6 million and investments accounted by equity method of RMB458.5 million. Our investments or acquisitions and acquired assets or businesses may also result in occurrence of significant investments and goodwill impairment charges, and amortization expenses for other intangible assets. See “—Strategic alliances, investments, acquisitions and divestures may have a material and adverse effect on our business, financial condition and results of operations. We may not be able to achieve our anticipated benefits and synergistic effects from such alliances, investments and acquisitions.”

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

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

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

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

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

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

As a multinational corporation, we conduct our business in many countries and are subject to taxation in many jurisdictions. The taxation of our business is subject to the application of multiple and sometimes conflicting tax laws and regulations as well as multinational tax conventions. The application of tax law is subject to legal and factual interpretation, judgment and uncertainty. Furthermore, tax laws themselves are subject to change. For example, the Pillar 2 tax implementations as contemplated by various jurisdictions that we operate in may affect the taxation of our non-PRC subsidiaries' earnings. A number of other factors will also affect our future tax rate, and some of these factors could increase our effective tax rate in future periods, which could adversely impact our results of operations. These factors include changes in non-deductible share-based payments, changes in the proportion and geographic mix of our revenue or earnings, changes in the valuation of our deferred tax assets and liabilities, changes in available tax credits, and the resolution of issues arising from tax audits.

Furthermore, local tax laws and regulations have provided certain preferential tax treatments applicable to different enterprises, industries and locations. We and some of our subsidiaries are

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currently taxed at preferential rates due to the nature of our business activities and/or the location of our operations. For example, we and some of our PRC subsidiaries enjoy a preferential income tax of 15.0% due to our qualifications as “High and New Technology Enterprise”. Certain of our subsidiaries in Singapore enjoys reduced rates of Singapore income tax on certain classes of income as approve by the Singapore Economic Development Board, an agency of the Government of Singapore. In order to retain these tax benefits in Singapore, we must meet several requirements as to capital and business spending, headcount and activities. If we fail to meet these requirements or if the Singapore government enacts changes to existing tax laws or regulations, the tax benefits that we have received may be terminated, revoked, or reduced. Any change or elimination of such preferential tax treatments may materially and adversely affect our business, financial condition and results of operations. See Note 13 to the Accountants’ Report set out in Appendix I to this document for details on the tax expenses the Company accrued and tax rates the Company was subject to during the Track Record Period.

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

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

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

There is an increasing focus from certain investors, customers and other parties in society concerning corporate responsibility, specifically related to ESG factors. Accordingly, there is an increased emphasis on corporate responsibility ratings and a number of third parties provide reports on companies in order to measure and assess ESG performance, which pose reputational, regulatory and other risks on us. We believe that it is our responsibility to devote substantial time and resources to develop technology and products designed to reduce carbon footprint. In the meantime, given the nature of our businesses and the industries we serve, we must anticipate and respond to market, technological, regulatory and other changes driven by broader trends related to decarbonization efforts in response to climate change, and these changes present both risks and opportunities for our businesses. The process of developing new technology products and enhancing existing products to mitigate climate change is often complex, costly and uncertain, and we may pursue strategies or make

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investments that do not prove to be commercially successful in the time frames expected, or at all, which could impact our operating results and financial conditions. Furthermore, our success in advancing decarbonization objectives across our businesses will depend in part on the actions of governments, regulators and other market participants to invest in infrastructure, create appropriate market incentives and to otherwise support the development of new technologies.

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

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

We are subject to a broad range of increasingly strict laws and regulations relating to, among other areas, the environment, occupational health and safety and labor practices, in jurisdictions in which we operate. In particular, in terms of environmental protection, we are required to comply with laws, regulations and various industry standards relating to air emissions, discharges of waste water, waste gas and solid waste, noise pollution, toxic chemicals, waste treatment, and the energy efficiency of certain products, among other things.

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

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

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

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

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

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

The legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes, while others are based on common law. Unlike the common law system, prior court decisions under the civil

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

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

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

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

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

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

Our business, financial condition, results of operations and prospects are affected by the economic, political, and legal developments in the jurisdictions where we operate. The overall economic growth is influenced by the governmental regulations and policies in relation to resource allocation, monetary policies, preferential treatment to particular industries or companies and others. Any of the foregoing would affect our business, financial condition, results of operations and prospects. Laws, rules and regulations in relation to economic matters are promulgated from time to time, including those related to such as foreign investment, corporate organization and governance, commerce, taxation, finance, foreign exchange and trade, so as to develop a comprehensive system of

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commercial law. In addition, the interpretation and implementation of the laws and regulations may also evolve from time to time, and we cannot assure you that our business operations will not be affected in the future.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us.

A judgment of a court of another jurisdiction may be reciprocally recognized or enforced in Chinese Mainland only if the jurisdiction has a treaty with Chinese Mainland or if the jurisdiction has been otherwise deemed by the courts of Chinese Mainland to satisfy the requirements for reciprocal recognition, subject to the satisfaction of other requirements. However, Chinese Mainland is not a party to treaties providing for the reciprocal enforcement of judgments of courts with certain foreign countries such as the United States, and enforcement in Chinese Mainland of judgments of a court in these jurisdictions may consequently be difficult or impossible.

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

A substantial portion of the Group's revenue and cost are not denominated in Renminbi. Fluctuations in foreign exchange rates against the Renminbi could result in changes in reported revenue and results of operations due to the foreign exchange impact of translating these transactions into Renminbi. Currency fluctuations could decrease revenue and increase our cost of sales. During the Track Record Period, we recorded a net foreign exchange loss of RMB117.4 million in 2022, a net foreign exchange loss of RMB11.7 million in 2023, a net foreign exchange gain of RMB32.3 million in 2024, a net foreign exchange gain of RMB30.8 million in the six months ended June 30, 2024 and a net foreign exchange loss of RMB27.3 million for the six months ended June 30, 2025.

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

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

There are limited hedging options available to reduce our exposure to exchange rate fluctuations. We do not currently maintain any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the

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future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. As a result, fluctuations in exchange rates may have a material and adverse effect on your investment.

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

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

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

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

Risks Relating to the Global Offering

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

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

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange. Under current laws and regulations of Chinese Mainland, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no 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. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

There has been no prior public market for our H Shares, and 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 Joint Global Coordinators (for themselves and on behalf of the Underwriters) 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 liquidity and market price of our H Shares may be materially and adversely affected.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

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

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

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

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

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

Immediately following the completion of the Global Offering and assuming the Over-allotment Option are not exercised, Mr. YU Renrong, will hold approximately 30.15% of the issued share capital of our Company (taking into account the shares held by persons acting in concert with him). This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their shares of our Company as part of a sale of our Company and might reduce the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. 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.

Each of Mr. YU Renrong and Shaoxing Weihao Management has from time to time pledged the A Shares they owned to certain PRC financial institutions as collateral in order to obtain financing.

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As of the Latest Practicable Date, each of Mr. YU Renrong and Shaoxing Weihao Management has pledged 171,790,000 A Shares, representing approximately 14.20% of the total issued share capital of our Company, and 15,856,000 A Shares, representing approximately 1.31% of the total issued share capital of our Company, respectively. Mr. YU Renrong is the ultimate beneficial owner of the general partner of Shaoxing Weihao Management. See “Substantial Shareholders” for more information. If an event of default occurs under the relevant security agreements, the lenders may be able to enforce their rights against part or all of the pledged Shares of our Company thereunder through legal proceedings. In such event, Mr. YU Renrong and/or Shaoxing Weihao Management may no longer be able to maintain the current level of interest in our Company, which could adversely affect the influence of our Controlling Shareholders over us.

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

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

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

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

As our A Shares are listed on the Shanghai Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in Chinese Mainland. As a result, from time to

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time, we publicly release information relating to us on the Shanghai 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 Chinese Mainland, 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 Shanghai Stock Exchange or other media outlets may not be directly comparable to the financial and operational information contained in this document. As a result, 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 document. 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 document 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 document 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 document, 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 document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and our investors should not rely on such information.

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

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

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

This document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain 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, amongst others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in this section. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance.

The U.S. government’s new China-focused Outbound Investment Security Program or similar laws and regulations or changes to the interpretation or implementation of these laws and regulations, could negatively impact us, including in respect of our ability to raise capital or the value of our securities.

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

Future changes to the OISP could adversely affect us. See “Summary—Recent Development—Regulatory Update—Outbound Investment Security Program” for more information. Investors should consult their legal counsel regarding the applicability of the Publicly Traded Securities Exception to the Global Offering, notification obligations, if any, applicable to them under the OISP, and the procedures for filing such notifications. Failing to comply with the OISP notification requirements or failing to provide accurate and complete information in the filing under the OISP may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US\$377,700 (as such amount may be adjusted for inflation), and — for willful violations — criminal penalties of fines of up to US\$1 million and imprisonment of up to 20 years. Because the OISP regulates U.S. persons and, in some cases, U.S. persons controlling or directing non-U.S. person-investors, and not the entities they are investing in, none of the Company, the Controlling Shareholders, Directors and senior management will be required to file notifications pursuant to the Final Rule.

The OISP may be changed by executive actions of the U.S. government, including changes to the scope of activities and technologies applicable to notifiable or prohibited transactions or the scope

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and the availability of exceptions to the OISP’s prohibitions or notification requirements. Specifically, on January 20, 2025, the U.S. government issued a national security presidential memorandum, entitled “America First Trade Policy,” which, among other things, directs the Secretary of the Treasury and several other executive departments and offices of the U.S. government to review the OISP to determine if it includes “sufficient controls to address national security threats” and to determine whether the executive order implementing the OISP “should be modified or rescinded and replaced.” In addition, on February 21, 2025, the U.S. government issued a national security presidential memorandum entitled “America First Investment Policy” which, among other things, states that the U.S. government will consider possible application of the OISP to a wider range of technology sectors and application of restrictions to a wider range of investments, including publicly traded securities. On April 3, 2025, the White House reported that Treasury and the National Security Council were evaluating options relating to the OISP and that the Trump Administration plans to evaluate whether the scope of outbound investment restrictions should be expanded. On December 18, 2025, the U.S. Comprehensive Outbound Investment National Security Act of 2025 (the “**COINS Act**”), which will supersede the OISP, became law. The COINS Act is subject to a rulemaking process, which is required to be completed by March 2027, and there is substantial uncertainty regarding how the new law will be implemented. Possible changes to the OISP, the COINS Act, or similar laws and regulations could limit or, in the worst-case scenario, eliminate our ability to raise capital or contingent equity capital (such as convertible bonds) from U.S. investors in the future, or our ability to raise such capital may be significantly and negatively affected, which could be detrimental to our capital-raising capacity and our business, financial condition and prospects. In addition, changes to the Publicly Traded Securities Exception or other aspects of the OISP could prohibit the purchase or trading of our listed securities by U.S. persons, impose new notification or other regulatory requirements, or make our listed securities less attractive to such investors. In such cases, the value of our listed securities could significantly decline, and our liquidity may be materially and adversely affected.

WAIVERS AND EXEMPTIONS

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

Rules	Subject matter
Rules 8.12 and 19A.15 of the Listing Rules	Management presence in Hong Kong
Rules 3.28 and 8.17 of the Listing Rules	Appointment of joint company secretaries
Paragraph 26 of Appendix D1A to the Listing Rules	Particulars of any alterations in the capital of any member of our Group
Rule 17.02(1)(b) of, and Paragraph 27 of Appendix D1A to the Listing Rules	
Paragraph 10(d) of Part I of the Third Schedule to the CWUMPO	Disclosure requirements in respect of share incentive plans
Rules 4.04(2) and 4.04(4)(a) of the Listing Rules	Acquisitions after the Track Record Period
Rule 10.04 and Paragraph 1C(2) of Appendix F1 to the Listing Rules	Allocation of H Shares to Existing Minority Shareholders or their close associates
Paragraph 1C(1) of Appendix F1 to the Listing Rules	Proposed subscriptions of H Shares by a cornerstone investor who is a connected client
Paragraph 15(2)(c) of Appendix D1A to the Listing Rules	Disclosure of Offer Price

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

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

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

- (i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives who shall act at all times as the principal channel of communication with the Stock Exchange. Each of our authorized representatives will be readily contactable by the Stock Exchange by telephone or

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e-mail to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with Stock Exchange to discuss any matter within a reasonable period of time upon request of the Stock Exchange. Both of our authorized representatives are authorized to communicate on our behalf with the Stock Exchange. At present, our two authorized representatives are Mr. JIA Yuan, our executive Director and deputy general manager, and Ms. REN Bing, our joint company secretary;

- (ii) pursuant to Rule 3.20 of the Listing Rules, each Director will provide their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;
- (iii) we will endeavor to ensure that each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and
- (iv) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Guotai Junan Capital Limited as compliance adviser (the “**Compliance Adviser**”), who will act as an additional channel of communication with the Stock Exchange. We will ensure that the Compliance Adviser will have access at all times to our authorized representatives, our Directors and other officers. We shall also ensure that such persons will promptly provide such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties as set forth in Chapter 3A of the Listing Rules. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, and other officers and the Compliance Adviser, and will keep the Compliance Adviser fully informed of all communications and dealings between us and the Stock Exchange.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

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

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

- (i) a member of The Hong Kong Chartered Governance Institute;
- (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and
- (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

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

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

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- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the CWUMPO and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

Our Company appointed Ms. REN Bing, our board secretary and Ms. LAU Yee Wa of Corporate Services of Tricor Services Limited as joint company secretaries of our Company. For further details, please see the section headed “Directors and Senior Management — Joint Company Secretaries” for their biographies.

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

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

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a three-year period from the Listing Date, in accordance with paragraphs 11 to 16 of Chapter 3.10 of the Guide for New Listing Applicants, on the conditions that: (i) Ms. LAU Yee Wa is appointed as a joint company secretary to assist Ms. REN Bing in discharging her functions as a company secretary and in gaining the relevant experience under Rule 3.28 of the Listing Rules; the waiver will be revoked immediately if Ms. Lau, during the three-year period, ceases to provide assistance to Ms. REN Bing as the joint company secretary; and (ii) the waiver will be revoked if there are material breaches of the Listing Rules by our Company Secretary. In addition, Ms. REN Bing will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance her knowledge of the Listing Rules during the three-year period from the Listing Date. Our Company will further ensure Ms. REN Bing has access to the relevant training and support that would enhance her understanding of the Listing Rules and the duties of a company secretary of an issuer listed on the Stock Exchange. Before the end of the three-year period, we shall demonstrate to the Stock Exchange’s satisfaction and seek its confirmation that Ms. REN Bing, having had the benefit of Ms. Lau’s assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the functions of company secretary so that a further waiver would not be necessary.

WAIVER IN RESPECT OF ALTERATION IN SHARE CAPITAL

Paragraph 26 of Appendix D1A to the Listing Rules requires this document to include the particulars of any alterations in the capital of any member of our Group within the two years immediately preceding the issue of this document.

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As of the Latest Practicable Date, we had more than 80 subsidiaries globally. It would be unduly burdensome for us to disclose the required information in respect of all of its subsidiaries as our Company would have to incur additional costs and devote additional resources in compiling and verifying the relevant information for such disclosure, which would not be material nor meaningful to investors. The non-disclosure of such information will not prejudice the interests of our Shareholders or potential investors.

We have identified 18 subsidiaries (collectively, the “**Major Subsidiaries**” and each a “**Major Subsidiary**”) that we consider are material to our operations and/or contributed significantly to our financial performance during the Track Record Period. None of the non-Major Subsidiaries is individually material to us in terms of its contribution to our Company’s total assets, total revenue or total net profits, holds any major assets, intellectual property rights or material proprietary technologies, licenses or permits of the Group, or has significant impact on the Company’s business operations and future development strategies. By way of illustration, after intercompany eliminations, (i) the aggregate assets of the Company and its Major Subsidiaries represent 93.96%, 92.35%, 89.28% and 95.91% of the Group’s total assets as of December 31, 2022, 2023 and 2024 and as of June 30, 2025; (ii) the aggregate revenue of the Company and its Major Subsidiaries for the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025 represents 96.00%, 96.78%, 96.50% and 97.02% of the Group’s total revenue for the respective period; and (iii) the aggregate net profits of the Company and its Major Subsidiaries for the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025 represent 112.95%, 106.28%, 106.91% and 107.70% of the Group’s total net profits for the respective period as the other subsidiaries of the Group, in aggregate, recorded a net loss. None of the other subsidiaries of our Company that are not Major Subsidiaries individually contributes to 5% or more of our Group’s total assets as of December 31, 2022, 2023 and 2024 and as of June 30, 2025 or 5% or more of our Group’s revenue or net profits for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025. Accordingly, the remaining subsidiaries which are not Major Subsidiaries in our Group are relatively insignificant to the overall results of our Group.

We have disclosed the particulars of the changes in the share capital of our Company and the Major Subsidiaries in the section headed “Statutory and General Information — 1. Further Information About Our Group — C. Further Information about Our Major Subsidiaries” in Appendix VI to this document.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under paragraph 26 of Appendix D1A to the Listing Rules, in respect of disclosing the particulars of any alteration in the capital of any member of our Group within the two years immediately preceding the issue of this document.

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

The Listing Rules and the CWUMPO prescribe certain disclosure requirements in relation to the share options granted by our Company (the “**ESOP Disclosure Requirements**”):

- (a) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a scheme must be clearly set out in this document. Our Company is also required to disclose in this document full details of all outstanding options and their potential dilution effect on the shareholdings upon Listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options;

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- (b) Paragraph 27 of Appendix D1A to the Listing Rules requires our Company to set out in this document 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
- (c) Paragraph 10 of Part I of the Third Schedule to the CWUMPO requires our Company to disclose, amongst others, details of the 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 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; and (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 must be specified in the prospectus.

Pursuant to paragraphs 6 to 7 of Chapter 3.6 of the Guide for New Listing Applicants, the Stock Exchange would normally grant waivers from disclosing the names and addresses of certain grantees if the issuer could demonstrate that such disclosures would be irrelevant and unduly burdensome, subject to certain conditions specified therein.

Our Company and its subsidiaries may, from time to time, adopt share incentive plans. For details of our Stock Option Incentive Plans which involve the issuance of new A Shares, see section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes” in this document.

As of the Latest Practicable Date, our Company had granted outstanding options to 716 grantees, 1,831 grantees, and 3,361 grantees who are employees, Directors, senior management and connected persons of our Group, to subscribe for an aggregate of 3,579,038 A Shares, 6,006,035 A Shares, and 19,983,400 A Shares under the 2023 First Phase Stock Option Incentive Plan, the 2023 Second Phase Stock Option Incentive Plan, and the 2025 Stock Option Incentive Plan, respectively. The A Shares underlying the granted outstanding options under the 2023 First Phase Stock Option Incentive Plan, the 2023 Second Phase Stock Option Incentive Plan, and the 2025 Stock Option Incentive Plan represent approximately 0.29%, 0.48% and 1.59% of the total number of Shares in issue immediately after completion of the Global Offering, respectively (assuming that no new Shares are issued under the Over-allotment Option and our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). Full exercise of the outstanding options as of the Latest Practicable Date would enlarge our total issued share capital by 2.36% immediately after the completion of the Global offering (assuming that no new Shares are issued under the Over-allotment Option and our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). Other than Mr. JIA Yuan, Mr. WU Xiaodong, Ms. QIU Huanping, Mr. WANG Song, Mr. XU Xing and Ms. REN Bing, none of the grantees is a Director or senior management of our Company. As of the Latest Practicable Date, options representing 213,500 A Shares, 36,500 A Shares, and 700,462 A Shares under the Stock Option Incentive Plans granted to 3 Directors, 3 senior management (excluding senior management who were also Directors), and 7 connected persons of the Company (who has each been granted options under two of the Stock Option Incentive Plans) were outstanding, respectively, accounting for approximately 0.017%, 0.003% and 0.056% of the total number of Shares in issue immediately after completion of the Global Offering, respectively (assuming that no new Shares are issued under the Over-allotment Option and our Shares Schemes, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing). Certain of our Directors, senior management and connected persons held outstanding options as of the Latest

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Practicable Date across the Stock Option Incentive Plans, see section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes” in this document for more information.

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 CWUMPO exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the CWUMPO, respectively, on the ground that strict compliance with the above requirements would be unduly burdensome for our Company and the exemption would not prejudice the interests of the investing public for the following reasons:

- (a) given that a large number of grantees are not Directors, members of the senior management or connected persons of our Company, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Stock Option Incentive Plans in this document would be costly and unduly burdensome for us in light of a significant increase in cost and timing for information compilation and prospectus preparation. For example, we would need to collect and verify the addresses of a large number of grantees to meet the disclosure requirement;
- (b) the grant and exercise in full of the options under the Stock Option Incentive Plans will not cause any material adverse impact to the financial position of our Group. There are 706 grantees, 1,828 grantees, and 3,348 grantees who are not Directors, members of the senior management or connected persons of our Company who have been granted outstanding options to acquire an aggregate of 3,365,538 A Shares, 5,969,535 A Shares, and 19,282,938 A Shares under the 2023 First Phase Stock Option Incentive Plan, the 2023 Second Phase Stock Option Incentive Plan, and the 2025 Stock Option Incentive Plan, respectively, representing approximately 0.27%, 0.48%, and 1.54% of the total number of Shares in issue immediately after completion of the Global Offering, respectively (assuming that no new Shares are issued under the Over-allotment Option and our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), which is not material in the circumstances of our Company;
- (c) there will not be any new H Shares issued under the Stock Option Incentive Plans as the foregoing plans are A-share incentive schemes;
- (d) non-compliance with the above disclosure requirements would not prevent us from providing our potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company;
- (e) material information relating to the A Shares under the Stock Option Incentive Plans has been disclosed in this document to provide prospective investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options in making their investment decision, and such information includes:
 - (i) a summary of the latest terms of the Stock Option Incentive Plans;
 - (ii) the aggregate number of Shares subject to the options and the percentage of our Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming that no new Shares are issued under the Over-allotment Option and our Stock Option

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Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing);

- (iv) full details of the options granted by the Company to Directors, members of senior management and connected persons (if any) of our Company, on an individual basis, are disclosed in this document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part 1 of the Third Schedule to the CWUMPO;
- (v) with respect to the options granted to other grantees (other than those referred to in (iv) above), disclosure are made on an aggregate basis, for each of the Stock Option Incentive Plans, categorized into lots based on the number of A Shares underlying the options granted under the Stock Option Incentive Plans to each individual grantee, being (1) 1 to 5,000; (2) 5,001 to 10,000; (3) 10,001 to 20,000; (4) 20,001 to 30,000; and (5) over 30,000 for each lot of A Shares, the following details are disclosed in this document, including (1) the aggregate number of such grantees and the number of A Shares underlying the options under the Stock Option Incentive Plans; (2) the consideration paid for the grant of the options; and (3) the exercise period of the options and the exercise price for the options; and
- (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively; and
- (f) a full list of all the grantees with outstanding options under each of the 2023 First Phase Stock Option Incentive Plan, the 2023 Second Phase Stock Option Incentive Plan, and the 2025 Stock Option Incentive Plan 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 Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in Appendix VII to this document.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the applicable ESOP Disclosure Requirements on the conditions that:

- (i) on an individual basis, full details of the options under each of the Stock Option Incentive Plans granted by the Company to each of our Directors, members of senior management of the Group and connected persons of our Company, will be disclosed in the section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes” as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the CWUMPO;
- (ii) in respect of the options under each of the Stock Option Incentive Plans granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis for each of the Stock Option Incentive Plans, categorized into lots based on the number of A Shares underlying the options granted under the Stock Option Incentive Plans to each individual grantee, being (1) 1 to 5,000; (2) 5,001 to 10,000; (3) 10,001 to 20,000; (4) 20,001 to 30,000; and (5) over 30,000, for each lot of A Shares, the following details are disclosed in this document, including (1) their aggregate number of grantees and number of A Shares underlying the options under each of the Stock Option Incentive Plans, (2) the consideration (if any) paid for the

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grant of the options under each of the Stock Option Incentive Plans, and (3) the exercise period of the options and the exercise price of the options granted under each of the Stock Option Incentive Plans;

- (iii) aggregate number of A Shares underlying each of the options granted under the Stock Option Incentive Plans and the percentage to our total issued share capital represented by such number of A Shares upon completion of the Global Offering;
- (iv) the dilutive effect and impact on earnings per Share upon the full exercise of the options under the Stock Option Incentive Plans will be disclosed in the section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes”;
- (v) a summary of the principal terms of the Stock Option Incentive Plans will be disclosed in the section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes”;
- (vi) a full list of all the grantees with outstanding options under each of the Stock Option Incentive Plans containing all the particulars as required under Rule 17.02(1)(b) of, paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the CWUMPO, be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in Appendix VII to this document;
- (vii) the grant of a certificate of exemption under the CWUMPO from the SFC exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the CWUMPO; and
- (viii) the particulars of the waiver will be disclosed in this document and that this document will be issued on or before December 31, 2025.

We have applied for, and the SFC has granted, a certificate of exemption under section 342A of the CWUMPO from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the CWUMPO on the conditions that:

- (i) on an individual basis, full details of the options under each of the Stock Option Incentive Plans granted by the Company to each of our Directors, members of senior management of the Group and connected persons of our Company, will be disclosed in the section headed “Appendix VI — Statutory and General Information — 4. Our Incentive Schemes” as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the CWUMPO;
- (ii) in respect of the options under each of the Stock Option Incentive Plans granted to remaining grantees (being the other grantees who are not our Directors, senior management or connected persons of our Company), disclosure will be made, on an aggregate basis, for each of the Stock Option Incentive Plans, categorized into lots based on the number of A Shares underlying the options granted to each individual grantee, being (1) 1 to 5,000; (2) 5,001 to 10,000; (3) 10,001 to 20,000; (4) 20,001 to 30,000; and (5) over 30,000 for each lot of A Shares, the following details are disclosed in this document, including (1) their aggregate number of grantees and number of A Shares underlying the options under each of the Stock Option Incentive Plans, (2) the consideration (if any) paid for the grant of the options under each of the Stock Option Incentive Plans, and (3) the exercise period of the options and the exercise price of the options granted under each of the Stock Option Incentive Plans;

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- (iii) a full list of all the grantees with outstanding options under the Stock Option 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 Part I of the Third Schedule to the CWUMPO be made available for public inspection in accordance with “Documents Delivered to the Registrar of Companies and Available on Display — Document Available for Inspection” in Appendix VII to this document; and
- (iv) the particulars of the exemption will be disclosed in this document and that this document will be issued on or before December 31, 2025.

WAIVER IN RESPECT OF COMPANY AND BUSINESS TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountant’s report to be included in a listing document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the listing document (the “**Target Historical Financial Information**”).

According to Note (4) to Rule 4.04 of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04 (4) taking into account the following:

- (i) all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent financial year of the applicant’s trading record period;
- (ii) (a) where a new applicant’s principal activities involve the acquisition of equity securities (the Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which rules 4.04(2) and 4.04(4) relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, “control” means the ability to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or
- (b) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (a) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under rules 14.58 and 14.60 on each acquisition. In this regard, “unduly burdensome” will be assessed based on each new applicant’s specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new

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applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under rules 4.04(2) and 4.04(4)).

Acquisition of Company X

We propose to acquire 56.4% of the equity interest of Company X (the “**Proposed Acquisition of Company X**”) for a preliminary consideration of less than RMB100 million, which is expected to be settled in cash. The consideration is based on the due diligence result and arm's length negotiations between the original owners of Company X (the “**Original Owners of Company X**”) and us, taking into account a number of factors including the potential strategic alliance in the relevant business. We intend to use internal resources to satisfy the cash consideration. As of the Latest Practicable Date, we had entered into a letter of intent agreement with the Original Owners of Company X and the completion of the Proposed Acquisition of Company X is subject to the entering into of the definitive agreement along with other customary closing conditions. The parties to this letter of intent shall use their best reasonable efforts to cause the execution and delivery of the definitive transaction documents within 90 days after signing of this letter of intent in May 2025, or within such other reasonable period as the parties may mutually agree. As of the Latest Practicable Date, we are still negotiating the definitive transaction documents with the Original Owners of Company X. To the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, the Original Owners of Company X and their respective ultimate beneficial owners are third parties independent from us.

Company X is a circuit design company that specializes in microcontroller products. We believe that the Proposed Acquisition of Company X is aligned with our business and growth strategy, and it is expected that the Proposed Acquisition of Company X would enable our Group to further build and enhance our R&D capability in that area. As of the Latest Practicable Date, we had completed due diligence on Company X and was negotiating definitive agreements with respect to Company X.

According to the financial statements of Company X audited by Company X's statutory auditors in accordance with China Accounting Standards and Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the PRC (the “**PRC GAAP**”):

- (i) the total assets of Company X amounted to RMB23.8 million as of December 31, 2024, and its total revenue, loss before tax and loss after tax amounted to RMB 1,615, RMB 71.5 million and RMB 71.5 million, respectively, for the year ended December 31, 2024;
- (ii) the total assets of Company X amounted to RMB 35.4 million as of December 31, 2023, and its total revenue, loss before tax and loss after tax amounted to RMB 619, RMB 114.0 million and RMB 114.0 million, respectively, for the year ended December 31, 2023; and
- (iii) the total assets of Company X amounted to RMB 101.5 million as of December 31, 2022, and its total revenue, loss before tax and loss after tax amounted to nil, RMB 73.9 million and RMB 73.9 million, respectively, for the year ended December 31, 2022.

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Minority Investments

Since June 30, 2025 (being the date to which the latest audited accounts will be made up in this document) and up to the Latest Practicable Date, we have made or proposed to make a number of investments, details of which are set out in below:

No.	Name of the target company	Investment amount	Approximate Percentage of shareholding / equity interest	Principal business of the target company / investment focus of fund	Basis for valuation
1.	Company 1	Approximately RMB5 million	0.07%	Research, development, production, and sales of advanced semiconductor materials, with primary products including photolithography materials	With reference to the initial public offering price of Company 1
2.	Company 2	USD10 million	0.58%	Developing cognitive training products that deliver innovative neurotech applications	With reference to the post-money valuation of Company 2's last-round financing
3.	Company 3	RMB10 million	Approximately 0.02%	Research, development, production and sales of core components for semiconductor equipment.	With reference to the initial public offering price of Company 3
4.	Company 4	Approximately USD6 million	Less than 0.5%	Research and development of high-performance general-purpose computing chips.	With reference to the indicative initial public offering price range of Company 4
5.	Fund 1	RMB6.25 million, as part of capital contribution pursuant to the RMB50 million subscription we previously made to Fund 1	0.58%, as part of our total subscription of 4.61%	Equity investment, investment management, and asset management mainly focused on semiconductor, smart manufacturing and materials companies	With reference to the valuation of Fund 1's previous financing
6.	Fund 2	RMB150.9 million, as part of capital contribution pursuant to the RMB693 million subscription we previously made to Fund 2	5.06%, as part of our total subscription of 23.26%	Equity investment, investment management, and asset management mainly focused on advanced technologies, processes, and products within the broader semiconductor industry	With reference to the valuation of Fund 2's previous financing

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No.	Name of the target company	Investment amount	Approximate Percentage of shareholding / equity interest	Principal business of the target company / investment focus of fund	Basis for valuation
7.	Shanghai Yuanhe Puhua Private Equity Partnership (Limited Partnership) (上海元禾璞華私募基金合夥企業(有限合夥)) (“Yuanhe Puhua”)	RMB200 million	18.39%	Equity investment, investment management, and asset management mainly focused on private companies engaged in IC design, manufacturing and packaging, equipment, materials and components	With reference to the valuation of Yuanhe Puhua’s previous financing

The above investments (“**Post-TRP Investments**”) have been or will be settled in cash using our internal resources. The investment amounts for the Post-TRP Investments are the result of commercial arm’s length negotiations, based on factors including market dynamics and/or mutually agreed valuations. To the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, the counterparties to the transactions set out above and their ultimate beneficial owners are third parties independent from us or our connected persons.

As of the Latest Practicable Date, our investments in Company 1 and Company 2 were completed, and we had settled the relevant tranche of capital contributions to Fund 1 and Fund 2. We entered into a subscription agreement for the investment in Yuanhe Puhua on November 28, 2025. As of the Latest Practicable Date, we had not made our capital contribution to Yuanhe Puhua and will make an initial tranche of contribution equal to 15% of our total commitment. Subsequent capital contribution will be made pursuant to drawdown notices as agreed among parties to the subscription agreement after the listing. We do not intend to increase our commitment to Yuanhe Puhua. On December 8, 2025, we approved the proposed investments in Company 3 and Company 4. As of the Latest Practicable Date, we had entered into the definitive agreement along with other customary closing conditions with Company 3, and planned to subscribe for the shares in the public offering of Company 4. As of the Latest Practicable Date, our proposed investments in Company 3 and Company 4 had not yet closed.

The primary reasons for making minority investments in Company 1, Company 2, Company 3 and Company 4 are to invest in companies complementary to our core business such that we could create strategic synergy and provide products, services and/or resources that we believe can help us efficiently expand product and service offerings, or have developed proprietary technologies complementary to us. For Fund 1, Fund 2 and Yuanhe Puhua, we intend to leverage the experience and resources of professional investment institutions to broaden our investment methods and channels, seize investment opportunities in innovation fields relating to our industry, and optimize our investment structure.

WAIVERS AND EXEMPTIONS

Conditions to the waivers granted by the Stock Exchange

We have applied to the Stock Exchange for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in respect of the Proposed Acquisition of Company X and the Post-TRP Investments (collectively, the “**Post-TRP Acquisitions**”) on the following grounds:

- 1. The applicable percentage ratios of the Post-TRP Acquisitions are all less than 5% by reference to the most recent financial year of our Company’s Track Record Period**

The applicable percentage ratios for the Post-TRP Acquisitions (on an aggregated basis) are significantly less than 5% by reference to the most recent financial year of our Company’s Track Record Period. Accordingly, we consider that the Post-TRP Acquisitions are immaterial and do not expect them to have any material effect on the financial condition of our Group.

- 2. The Proposed Acquisitions will not be financed by the proceeds raised from the Global Offering**

We will use internal resources to satisfy the cash consideration payable by us in relation to the Post-TRP Acquisitions.

- 3. The historical financial information of Company X and Post-TRP Investment targets is not available or would be unduly burdensome to obtain or prepare**

Although we have entered into a letter of intent with the Original Owners of Company X, we do not currently have any equity interest in Company X and do not have any representation at the board of directors of Company X and therefore it will require considerable time and resources for us and our reporting accountants to fully familiarize with the management accounting policies of Company X and compile the necessary financial information and supporting documents for disclosure in this document. Moreover, Company X does not have audited historical financial information which is readily available for disclosure in this document in accordance with the Listing Rules. As such, it would be impracticable within the tight timeframe for us to disclose the audited financial information of Company X as required under Rules 4.04(2) and 4.04(4) of the Listing Rules.

We only hold minority equity interests in each of Company 1 and Company 2 and do not control their boards of directors; and this is expected to remain the case for any subsequent investments. As of the Latest Practicable Date, we did not have any equity interest in Company 3 or Company 4 and did not have any representation at the board of directors of Company 3 and Company 4, and therefore it will be impracticable for us and our reporting accountants to fully familiarize with the management accounting policies of Company 3 and Company 4 and compile the necessary financial information and supporting documents for disclosure in this document. We are only a limited partner and hold a minority partnership interest in Fund 1. We are not entitled to participate in its day-to-day management and we do not control its general partner. As Fund 2 was established in February 2025 and Yuanhe Puhua was established in June 2025, no historical financial information of Fund 2 or Yuanhe Puhua is available for the Track Record Period. Given that our Group is neither able to exercise any control nor have any significant influence over each of the Post-TRP Investment targets, we would not be able to compel or request Post-TRP Investment targets to cooperate with our audit work in order for us to comply with the relevant requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, considering that the Post-TRP Acquisitions are immaterial and are not expected to have any material effect on the financial condition of our Group, it would not be meaningful and would be unduly burdensome for us to prepare and include the financial information of Post-TRP Acquisition targets during the Track Record Period in this document.

WAIVERS AND EXEMPTIONS

4. Alternative disclosure in this document

We have provided alternative information in this document in connection with the Proposed Acquisition of Company X required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules for the Proposed Acquisition of Company X. We have also disclosed above the reasons for the Post-TRP Investments and confirmed that the counterparties and their respective ultimate beneficial owners are independent of us and our connected persons.

Since the applicable percentage ratios for the Post-TRP Acquisitions (on an aggregated basis) are significantly less than 5% by reference to the most recent financial year of our Track Record Period, we believe that the current disclosure in this document is adequate for potential investors to form an informed assessment of our Group.

For the avoidance of doubt, the identities of Post-TRP Acquisition targets (except Yuanhe Puhua) are not disclosed in this document because (i) given that we have not yet entered into a formal sale and purchase agreement with respect to certain of the Post-TRP Acquisitions as of the Latest Practicable Date, disclosure of the names of the Post-TRP Acquisition targets (except Yuanhe Puhua) in this document is commercially sensitive and may jeopardize our ability to consummate the proposed investment (including, for example, as a result of our competitors approaching the target with alternative investment proposals after seeing its name disclosed in this document) and we are subject to confidentiality obligations and we do not have consent from the other parties for such disclosure; (ii) given the competitive nature of the industry in which we operate, it is commercially sensitive to disclose the identity of the Post-TRP Acquisition Targets (except Yuanhe Puhua) to avoid the competitors of us anticipating our plans of business growth; and (iii) we are not required to disclose any other of the Post-TRP Acquisitions at this stage under the CSRC rules and the rules of Shanghai Stock Exchange.

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

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of a listing applicant may only subscribe for or purchase any securities for which listing is sought that are being marketed by or on behalf of a listing applicant either in his/her/its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled, namely that (i) no securities are to be offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

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

Paragraph 13 of Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider granting a waiver from Rule 10.04 of the Listing Rules and a consent to allow a listing applicant's existing shareholders or their close associates to participate in its initial public offering if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed.

WAIVERS AND EXEMPTIONS

Paragraph 14 of Chapter 4.15 of the Guide for New Listing Applicants sets out the conditions required to be fulfilled when the Stock Exchange considers granting a waiver and consent from Rule 10.04 of the Listing Rules to placing to existing shareholders or their close associates (the “**Existing Shareholder Conditions**”).

Prior to the Listing, our Company’s share capital comprises entirely of A Shares listed on the Shanghai Stock Exchange. We have a large and widely dispersed public A Share shareholder base, a portion of whom hold interests in our A Shares through GDRs as each GDR represents an interest in one A Share.

We have applied to the Stock Exchange for, and 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 (including holders of our GDRs) or their close associates who will participate only as either cornerstone investors or placees (but not both) in the International Offering (together, the “**Existing Minority Shareholders**”) on the conditions that each of them:

- (a) together with their close associates, holds less than 5% of the voting rights in our Company prior to the completion of the Global Offering;
- (b) is not and will not become a core connected person of our Company or the close associate of any such core connected person upon the completion of the Global Offering;
- (c) does not have the right to appoint a Director and/or have any other special rights;
- (d) allocation to the Existing Minority Shareholders or their close associates will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 19A.13A(2) of the Listing Rules; and
- (e) that no preferential treatment is given to the Existing Minority Shareholders or their respective close associates (other than the assured entitlement for a cornerstone investor (if applicable));

provided further that:

- (i) the Joint Sponsors confirm the matters set out in (a) to (d) above;
- (ii) the Joint Sponsors confirm to the Stock Exchange in writing that based on (i) their discussions with our Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators (confirmations (iii) and (iv) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that any of the Existing Minority Shareholders 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 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 details of the allocation to the Existing Minority Shareholders holding more than 1% of the total issued share capital of the Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be;

WAIVERS AND EXEMPTIONS

- (iii) our Company will confirm to the Stock Exchange in writing that:
- (A) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders 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, 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 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; and
- (iv) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange (in the form satisfactory 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 or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

CONSENT IN RESPECT OF THE PROPOSED SUBSCRIPTION OF H SHARES BY A CORNERSTONE INVESTOR WHO IS A CONNECTED CLIENT

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

Paragraph 1B(7) of the Appendix F1 to the Listing Rules states that “connected client” in relation to an exchange participant means any client which is a member of the same group of companies as such exchange participant.

UBS Asset Management (Singapore) Limited (“**UBS AM Singapore**”) has entered into a cornerstone investment agreement with the Company and, among others, UBS AG Hong Kong Branch (“**UBS HK**”) to subscribe for Offer Shares and will hold the Offer Shares on a discretionary basis for and on behalf of its underlying clients and accounts under the International Offering. UBS AM Singapore is the delegate of the investment manager for and on behalf of its underlying clients and accounts. UBS HK is one of the Overall Coordinators of the Global Offering. UBS AM Singapore, UBS Securities and UBS HK are members of the same group of companies. As a result, UBS AM Singapore is a connected client of UBS Securities and UBS HK.

WAIVERS AND EXEMPTIONS

We have applied for, and the Stock Exchange has granted, a consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to permit UBS AM Singapore to participate in the Global Offering as a cornerstone investor on the following basis and conditions as set out in Paragraph 6 of Chapter 4.15 of the Guide for New Listing Applicants:

- (a) any Offer Shares to be allocated to UBS AM Singapore will be held on behalf of independent third parties;
- (b) the cornerstone investment agreement of UBS AM Singapore does not contain any material terms which are more favorable to it (as the case may be) than those in other cornerstone investment agreements;
- (c) no preferential treatment has been, nor will be, given to UBS AM Singapore by virtue of its relationship with UBS HK, in any allocation of Offer Shares in the International Offering other than the assured entitlement under the relevant cornerstone investment agreement;
- (d) UBS AM Singapore confirms that to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of Offer Shares in the Global Offering as a cornerstone investor by virtue of its relationship with UBS HK, other than the assured entitlement under the relevant cornerstone investment agreement;
- (e) each of the Company, the Overall Coordinators, UBS AM Singapore and UBS HK has provided the Stock Exchange with written confirmations in accordance with Chapter 4.15 of the Guide for New Listing Applicants; and
- (f) details of the cornerstone investments and details of the allocations will be disclosed in this prospectus and the allotment results announcement.

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 Guide for New Listing Applicants, the Company, the Joint Sponsors, and the Overall Coordinators should conduct a reasonably robust price discovery process before determining a realistic indicative offer price or price-range for inclusion in the prospectus. Therefore, in practice, 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 our Company will only disclose the maximum Offer Price in the prospectus on the below basis:

- (a) the Offer Price will be determined with reference to, among other factors, the closing price of our A Shares on the Shanghai 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 Shanghai Stock Exchange;
- (b) setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Offer Shares;

WAIVERS AND EXEMPTIONS

- (c) pursuant to paragraphs 9 and 10(b) of 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 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 document. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that this document 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 closing prices of the Company's A Shares and trading volume on the Shanghai Stock Exchange during the Track Record Period and up to the Latest Practicable Date;
- (d) the determinants of the final Offer Price; and
- (e) the source for investors to access the latest market price of the Company's A Shares.

See "Structure of the Global Offering — Pricing and Allocation" in this document for the historical closing prices of our A Shares and trading volume on the Shanghai Stock Exchange.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT

This document, for which our Directors 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 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 document 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 this document or any statement herein misleading.

CSRC FILING

We have obtained a filing notice dated December 9, 2025 from the CSRC for the Global Offering and the Listing. No other approvals under the PRC laws and regulations are required to be obtained for the listing of the H Shares on the Stock Exchange.

INFORMATION ON THE GLOBAL OFFERING

This document is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this document contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of 4,580,000 Offer Shares initially offered and the International Offering of 41,220,000 Offer Shares initially offered (assuming the Over-allotment Option is not exercised and subject, in each, to reallocation on the basis as set out in “Structure of the Global Offering”)

The Offer Shares are offered solely on the basis of the information contained and representations made in this document and on the terms and subject to the conditions set out herein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this document, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, agents, employees or advisors or any other persons or parties involved in the Global Offering. Neither the delivery of this document nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this document or that the information in this document is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement. See “Underwriting” for further details on the Underwriters and the underwriting arrangements.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

RESTRICTIONS ON OFFER AND SALE OF H 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 acquisition of the Hong Kong Offer Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Shares described in this document.

No action has been taken to permit a public offering of the H Shares or the distribution of this document in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this document may not be used for the purpose of, and does not constitute, an offer or invitation for subscription in any jurisdiction or in any circumstances in which such an offer or invitation for subscription 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 document 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 and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the Chinese Mainland or the United States.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our 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 Hong Kong Stock Exchange are expected to commence on Monday, January 12, 2026. Except for the A Shares that have been listed on the Shanghai 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 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 Hong Kong 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 Hong Kong 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 Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

H SHARES REGISTER OF MEMBERS AND STAMP DUTY

All of the 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 Chinese Mainland.

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 the H Share Register of our Company in Hong Kong and sent by ordinary post, at the shareholders' risk, to the registered address of each shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of 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, our H Shares.

EXCHANGE RATE CONVERSION

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

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.0550 to US\$1.00, being the PBOC rate prevailing on the Latest Practicable Date; (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.9068 to HK\$1.00, being the PBOC rate prevailing on the Latest Practicable Date; and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK\$7.7801 to US\$1.00.

No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the above rate or any other rates or at all.

LANGUAGE

If there is any inconsistency between this document and its Chinese translation, this document shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

INFORMATION ABOUT THIS DOCUMENT AND THE GLOBAL OFFERING

ROUNDING

Certain amounts and percentage figures, such as share ownership and operating data, included in this document 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.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Position	Address	Nationality
Mr. YU Renrong (虞仁榮先生) . . .	Executive Director and Chairman of the Board	5/F, Building 2 88 Shangke Road, Pilot Free Trade Zone, Shanghai, PRC	Chinese
Mr. WU Xiaodong (吳曉東先生)	Executive Director	Room 2102, No.25, Lane 666, Jinxiu Road, Pudong New Area, Shanghai, PRC	Chinese
Mr. JIA Yuan (賈淵先生)	Executive Director and Deputy General Manager	No.38, Lane 99, Pu Ming Road, Pudong New Area, Shanghai, PRC	Chinese
Ms. QIU Huanping (仇歡萍女士)	Executive Director	Room 2002, No.112, Lane 2388, Chengshan Road, Pudong New Area, Shanghai, PRC	Chinese
Mr. LYU Dalong (呂大龍先生) . . .	Non-executive Director	Room 503, Unit 2, Building 1, No. 1 Xianghuangqi East Road, Shangdi Street, Haidian District, Beijing, PRC	Chinese
Ms. CHEN Yu (陳瑜女士)	Non-executive Director	Room 901, No.39, Lane 308, Yushan Road, Pudong New Area, Shanghai, PRC	Chinese
Mr. ZHU Liting (朱黎庭先生)	Independent non-executive Director	Room 103, No.28, Lane 380, Honggu Road, Changning District, Shanghai, PRC	Chinese
Ms. FAN Mingxi (范明曦女士) . . .	Independent non-executive Director	House 13, Headland Village, Headland Drive, Discovery Bay, New Territories, Hong Kong SAR	Chinese (Hong Kong)
Mr. MOU Lei (牟磊先生)	Independent non-executive Director	Room 1202, No. 41 Yongjia Road, Huangpu District, Shanghai, PRC	Chinese

See “Directors and Senior Management” for further details.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

UBS Securities Hong Kong Limited

52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited

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

Ping An of China Capital (Hong Kong) Company Limited

Units 3601, 07 & 11-13, 36/F, The Center
99 Queen's Road Central
Hong Kong

GF Capital (Hong Kong) Limited

27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

Overall Coordinators

UBS AG Hong Kong Branch

52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited

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

Ping An Securities (Hong Kong) Company Limited

Units 3601, 07 & 11-13, 36/F, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited

27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Global Coordinators**Haitong International Securities Company Limited**

28/F, 30/F Suites 3001-10 and 3015-16
One International Finance Centre
No.1 Harbour View Street
Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

UBS AG Hong Kong Branch

52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited

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

Ping An Securities (Hong Kong) Company Limited

Units 3601, 07 & 11-13, 36/F, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited

27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

Haitong International Securities Company Limited

28/F, 30/F Suites 3001-10 and 3015-16
One International Finance Centre
No.1 Harbour View Street
Central
Hong Kong

CLSA Limited

18/F, One Pacific Place
88 Queensway
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Bookrunners**UBS AG Hong Kong Branch**

52/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

China International Capital Corporation Hong Kong Securities Limited

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

Ping An Securities (Hong Kong) Company Limited

Units 3601, 07 & 11-13, 36/F, The Center
99 Queen's Road Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited

27/F, GF Tower
81 Lockhart Road
Wan Chai
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Haitong International Securities Company Limited

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Mr. MOU Lei (牟磊先生)
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Ms. FAN Mingxi (范明曦女士) (*Chairwoman*)
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Mr. MOU Lei (牟磊先生)

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Mr. YU Renrong (虞仁榮先生) (*Chairman*)
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INDUSTRY OVERVIEW

Certain information and statistics presented in this section and elsewhere in this prospectus were derived from official government publications and other publicly available sources as well as from the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan, an independent global consulting firm that was commissioned by us. The information from official government sources has not been independently verified by us or any other parties involved in the Global Offering, or any of our or their respective directors, officers, or representatives. For discussions of risks relating to our industries, see “Risk Factors — Risks Relating to Our Business and Industry.”

Overview of the Global Semiconductor Industry

The semiconductor industry is a vital sector of the global technology ecosystem, focused on the design, manufacture, and distribution of semiconductor devices — the building blocks and foundational components that power virtually all modern electronics. Semiconductors are utilized in a wide range of applications include consumer electronics such as smartphones, tablets, PCs, smart home devices and wearable devices, as well as automobiles, wireless infrastructure, cloud data centers, data networking, robotics, and various emerging technology sectors. The development and innovation of semiconductor technologies have enabled hardware to deliver enhanced functionality, improved power efficiency, faster data transmission, greater storage capacity, stronger connectivity, and more intelligent human-device interactions.

Typical wafer fabrication begins with the growth of a high-purity silicon ingot, which is sliced into thin wafers. These wafers undergo multiple photolithography steps, where patterns are transferred onto the wafer using light-sensitive photoresist. Ion implantation or diffusion techniques are then employed to introduce dopants into the silicon, creating the desired electrical properties. Subsequent etching processes selectively remove material to form intricate structures, followed by the deposition of various thin films through chemical vapor deposition (CVD) or physical vapor deposition (PVD) to add conductive or insulating layers. The wafers are then subjected to multiple annealing steps to relieve stress and activate dopants. Once the wafer fabrication is complete, the wafers are diced into individual dies, each containing a complete chip. The packaging process involves encapsulating the die in a protective casing, typically using epoxy or ceramic materials, and connecting it to external leads or pads for electrical interfacing. Finally, extensive testing is conducted to ensure the functionality and reliability of each chip, including electrical testing, thermal cycling, and burn-in tests to simulate real-world operating conditions.

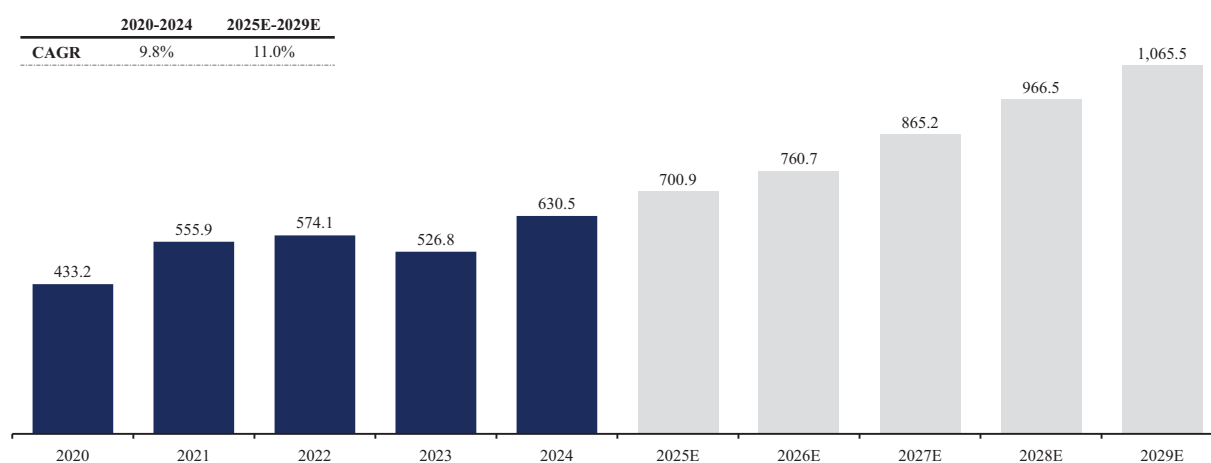
Within the semiconductor industry, three key operational frameworks have emerged: the fabless model, the foundry model, and the IDM (Integrated Device Manufacturer) model. In the fabless model, companies focus exclusively on the design and development of semiconductors, outsourcing the fabrication process to specialized third-party manufacturers known as foundries. This allows fabless firms to remain capital-efficient, agile, and focused on innovation. Market players such as NVIDIA, Qualcomm, and Broadcom are typical global leading fabless IC design companies in the global semiconductor market. In contrast, foundries are dedicated to the manufacturing of chips for other firms, offering access to advanced process technologies without requiring customers to invest in their own fabrication facilities. High-end fabrication capabilities are highly concentrated among a few foundries, such as TSMC, SMIC and Huali Microelectronics. The IDM model, on the other hand, involves a single company managing both the design and manufacturing processes internally. While this approach provides greater control over the entire value chain, it also involves much more capital

INDUSTRY OVERVIEW

investment and operational complexity. The fabless model has been driven by its inherent advantages, including reduced capital expenditure, increased flexibility in choosing manufacturing partners, and faster time-to-market, making it particularly attractive to companies operating in fast-evolving technology sectors.

Over the past decade, the rapid development of mobile networks and the proliferation of smart devices have been major drivers of the significant innovation and growth in the semiconductor market. In particular, the rapid evolution of smart phones, from a simple communication tool to a wide selection of feature-rich devices essential to our daily life, has propelled the innovation of advanced semiconductor technologies. Together with the continued advancement of consumer electronics, next-generation automotive technologies, including EVs, smart vehicles, and autonomous driving, combined with intelligent surveillance, Edge AI, smart devices, data centers and servers, AI chips, IoT, 5G, and cloud-based AI solutions, these evolving and emerging applications are expected to further drive the growth of the global semiconductor industry over the coming decade. According to Frost & Sullivan, the market size of the global semiconductor industry increased from US\$433.2 billion in 2020 to US\$630.5 billion in 2024, representing a CAGR of 9.8%, and is expected to further increase at a CAGR of 11.0% from 2025 to reach US\$1,065.5 billion in 2029.

Size of global semiconductor market, in terms of revenue
USD billion, 2020-2029E



Source: WSTS; Frost & Sullivan

According to Frost & Sullivan, the global semiconductor industry experienced a cyclical downturn between 2022 and 2023, featured by inventory buildup, weakened consumer demand, and falling price across different products. In 2024, the industry began to show signs of a recovery across certain end markets, while the competition in those markets remained intense. Leading industry players began to make acquisitions or enter into partnerships or other strategic relationships to achieve competitive advantages, which in turn facilitate industry consolidation. Industry consolidation may bring in competitors with more comprehensive product offerings or greater pricing flexibility due to their expanded scale and financial resources. In 2022, the consumer electronics sector—represented by smartphones and computers—faced significant market contraction due to immense pressure from short-term weak consumer demands. Specifically, global smartphone sales and shipment volumes recorded a year-on-year decline in 2022. The decline in end-user shipments also prompted downstream clients to adopt more conservative approaches in inventory strategies. In the first half of 2023, downstream demand remained generally subdued. Concurrently, there was supply-demand imbalance stemming from elevated inventory levels within the industrial supply chain. The above factors resulted

INDUSTRY OVERVIEW

in the downturn in the semiconductor industry from 2022 to the first half of 2023. For display solution market, as part of the broader semiconductor sector, it experienced fluctuations driven by rapid technological innovation, as well as shortened R&D and product life cycles. As new display technologies are introduced at an accelerated pace, existing business lines face quicker obsolescence and more frequent shifts in supply-demand dynamics, which result in price volatility and margin pressure over the cycle. Specifically, in 2023, the global demand for smartphone LCD-TDDI products declined due to fluctuations in market supply and demand, leading to a decrease in the sales price of our products. In the second half of 2023, the global market demand for semiconductor began to gradually recover, with downstream customer demand showing growth, as a result of the improvement of end-market demands. For example, the automotive CIS market demonstrated resilience and continued to expand, driven by increasing application scenarios—from rear view cameras and car DVRs to surround view, ADAS, e-mirror and driver monitoring systems—as well as the ongoing trend of feature upgrades aimed at enhancing driving experiences.

Overview of the Semiconductor Industry in China

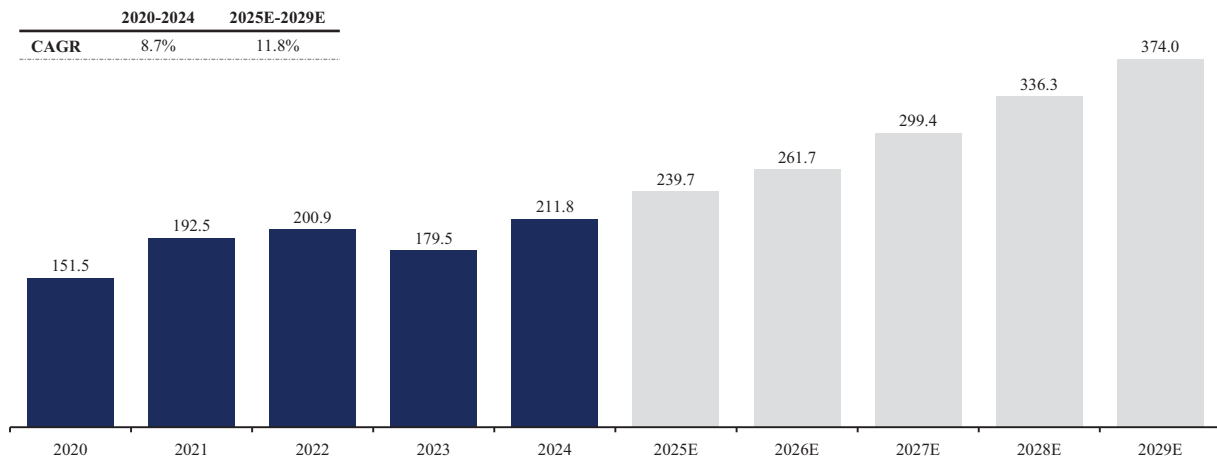
Against the backdrop of long-term growth in the global semiconductor market, China's semiconductor industry has also experienced rapid development over the past decade. This growth has been supported by the broader shift of the global semiconductor supply chain to Asia, rising domestic demand, and increasing strategic attention from the PRC government. In recent years, the industry has seen a marked shift toward localized supply chain development, a trend often referred to as the “China for China” strategy. This transition has been largely driven by external constraints, especially U.S. export controls on advanced semiconductors and manufacturing equipment, which have limited Chinese firms' access to critical technologies. As a result, self-reliance in key technology sectors has become an increasingly urgent priority. While the semiconductor industry had already gained strategic importance, these geopolitical developments have accelerated efforts to build a fully domestic supply chain. The development of the semiconductor sector is now widely recognized as a national imperative, with various regions launching IC industry development funds to provide targeted financial support. These initiatives have created a favorable environment for companies across the semiconductor value chain.

In recent years, the rollout of a suite of favorable policies is a key market driver for the accelerating development of the domestic semiconductor industry in China. Certain key favorable policies include the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), the National Informatization Plan During the “14th Five-Year” Period (《“十四五”國家信息化規劃》), the Plan for Development of the Digital Economy During the “14th Five-Year” Period (《“十四五”數字經濟發展規劃》), and the Several Policies for Promoting the High-quality Development of IC and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》).

China has become the manufacturing hub for consumer electronics and industrial devices as well as one of the largest markets for these applications. Growing demands from end markets, such as smartphones, vehicles, Edge AI, and AI-driven data centers and servers, are further driving momentum in the sector. The semiconductor industry in China is expected to outgrow the global market. According to Frost & Sullivan, the market size of the semiconductor industry in China increased from US\$151.5 billion in 2020 to US\$211.8 billion in 2024, representing a CAGR of 8.7%, and is expected to further increase at a CAGR of 11.8% from 2025 to reach US\$374.0 billion in 2029.

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Size of semiconductor market in China, in terms of revenue
USD billion, 2020-2029E



Source: WSTS, Frost & Sullivan

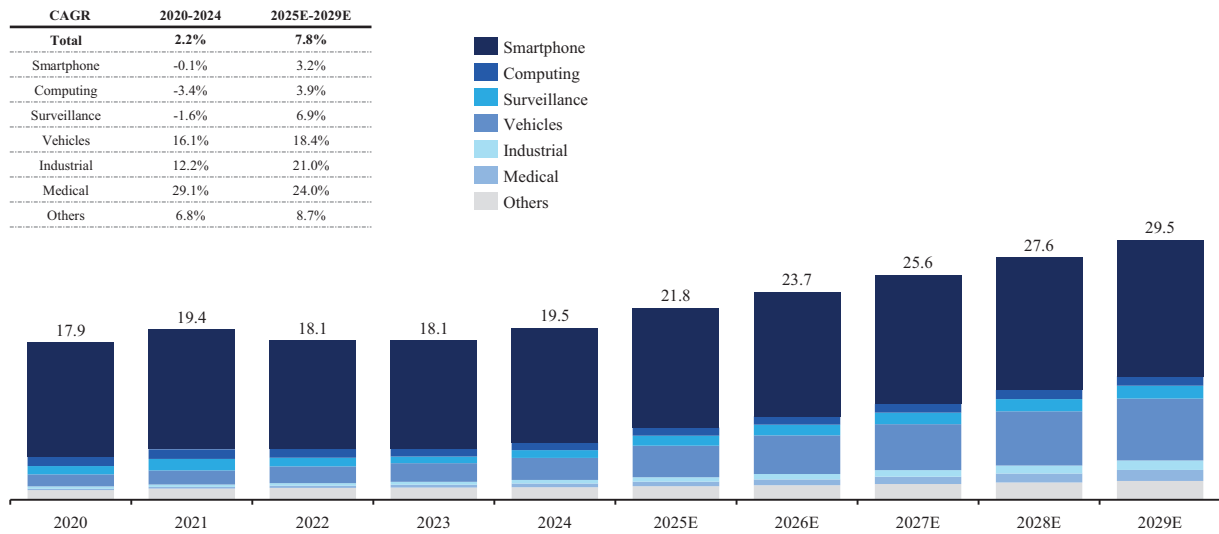
Overview of CIS Market

In the camera module, the image sensor is the most important component that determines the imaging quality of the camera as well as the structure and specifications of other components. Image sensors are sensors that detect and convert the variable attenuation of light waves into signals, which include optical information such as hue, saturation and lightness. The smallest sensing unit is a pixel. The quantity and quality of each pixel determine the image quality of a sensor. CIS and CCD image sensors are the two mainstream image sensors at present. And CIS is the most prevailing type of image sensors, and is inexpensive to produce and power-efficient, supporting HDR and providing fast readout. Thus, CISs are widely used in smartphones, consumer electronics, surveillance, vehicles, and a broad array of other applications. Major leading market players in the global CIS market include Sony, Samsung, and the Group.

According to Frost & Sullivan, the global CIS market grew from US\$17.9 billion 2020 to US\$19.5 billion in 2024, representing a CAGR of 2.2%, and is expected to further expand at a CAGR of 7.8% from 2025 to reach US\$29.5 billion in 2029. The chart below sets forth the global CIS market size, including a breakdown by vertical.

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Size of global CIS market, in terms of revenue
USD billion, 2020-2029E



Source: Yole, Frost & Sullivan

Development Trends of the CIS Market

Several key development trends are shaping the competitive landscape of the industry:

- Higher Resolution.** One of the most prominent trends in the CIS market is the continuous push toward higher resolution. From smartphones to automotive cameras and surveillance systems, there is an increasing demand for sensors exceeding 100MP. This trend enables sharper imaging, greater detail capture, and improved performance in HD applications such as 8K video recording and ultra-high-resolution photography.
- HDR.** HDR performance has become an important feature in modern CIS designs, particularly for applications that require clear imaging in challenging lighting conditions. Enhanced HDR capabilities allow sensors to capture a wider range of brightness levels within a single frame, improving image clarity in high-contrast environments such as backlit scenes or rapidly changing outdoor lighting.
- Improved Low-Light / All-Lighting Performance.** As image sensors are deployed in increasingly diverse environments, the ability to deliver high-quality images under all lighting conditions — especially low-light scenarios — is essential. Advances in pixel architecture, light absorption efficiency, and noise reduction algorithms have significantly improved low-light performance, enabling clearer night vision in smartphones, security cameras, and automotive vision systems.
- Reduced Power Consumption.** Power efficiency remains a key design priority, especially for mobile and wearable devices where battery life is critical. The latest CIS technologies incorporate advanced power-saving architectures and low-power standby modes, allowing for continuous operation without compromising performance. This is particularly important for always-on applications in Edge AI, IoT, and smart sensing systems.

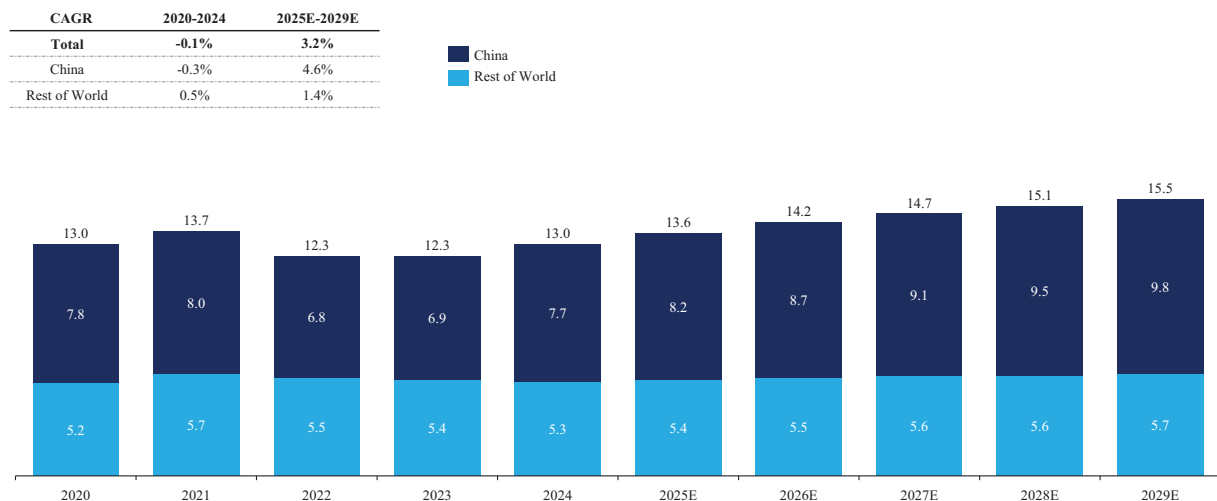
These ongoing developments reflect the broader shift toward smarter, more capable imaging solutions that support next-generation applications across multiple industries.

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Smartphones

Smartphones represent the largest vertical in the global CIS market, constituting over 65% of its market size in 2024, according to Frost & Sullivan. Driven by 5G penetration, proliferation of multi-camera devices, the pursuit for better image quality and more diversified imaging features and innovative functions, the global smartphone CIS market remained stable from US\$13.0 billion in 2020 to US\$13.0 billion in 2024, and is expected to expand at a CAGR of 3.2% from 2025 to reach US\$15.5 billion in 2029. The chart below sets forth the global smartphone CIS market size.

Size of global smartphone CIS market, in terms of revenue
USD billion, 2020-2029E



Source: Yole, Frost & Sullivan

The following key drivers and trends contribute to the rapid growth of the smartphone CIS market:

- *5G penetration and proliferation of multi-camera.* The global rollout of 5G networks continues to drive smartphone replacement cycles and spur demand for advanced feature upgrades. To enhance photography capabilities, modern smartphones now commonly integrate multi-camera systems that combine wide-angle, telephoto, and macro lenses. By 2024, over 65% of flagship models featured quad- or penta-camera setups, with foldable devices emphasizing ultra-thin, multi-sensor designs to optimize form factor and performance.
- *Resolution upgrade.* Smartphone CIS technologies are rapidly evolving, with a clear trend toward higher resolution enabled by larger sensor sizes and more advanced pixel architectures. Leading flagship models now feature sensors exceeding 200MP, offering image clarity that rivals traditional DSLR cameras. At the same time, 8K video recording has become a standard capability in high-end devices. These hardware advancements are complemented by AI-driven pixel binning and multi-frame fusion algorithms, which significantly improve detail capture and image quality in low-light conditions — continuously expanding the possibilities of mobile photography.
- *Miniaturization.* CIS miniaturization remains a key priority for compact smartphone designs. Advances in TSV packaging and stacked architectures have enabled pixel sizes as small as 0.56µm, supporting the development of camera modules that are up to 20% thinner. These innovations are especially beneficial for foldable devices.

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- *Diversified features.* Beyond resolution improvements, CIS innovation is shifting beyond resolution to include advanced imaging capabilities. Key trends include dual-mode visible/IR sensing for depth mapping and biometrics, enhanced NIR performance for low-light imaging, and LOFIC technology enabling ultra-wide dynamic range with minimal motion blur. Emerging architectures like dual-layer transistor pixels and AI-ISP co-processing are also redefining autofocus speed, real-time image processing, and system responsiveness — driving smarter, more adaptive mobile and automotive vision solutions.

Automotive Industry

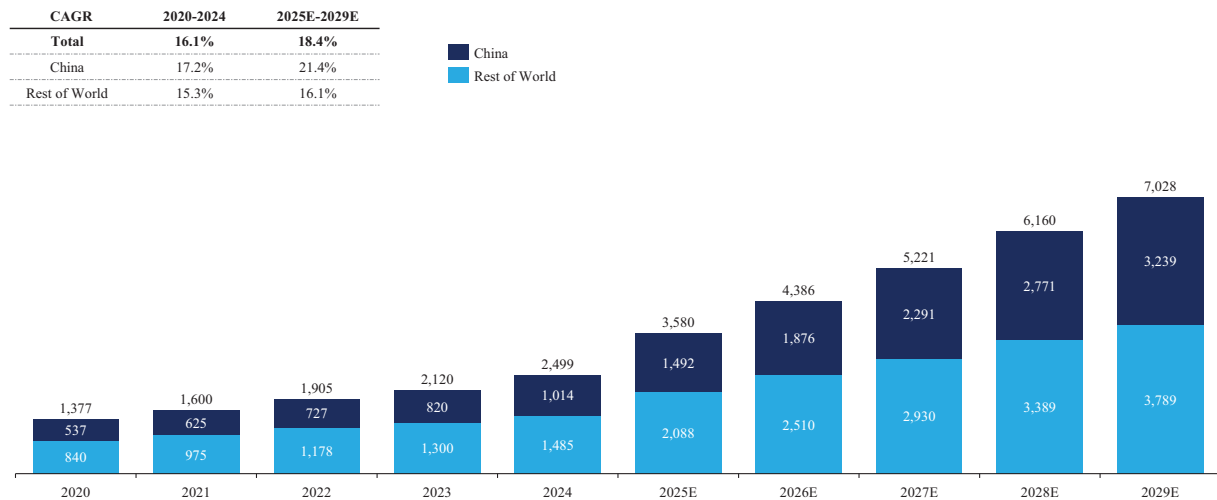
The automotive industry is one of the fastest-growing vertical for CIS applications. CIS usage in vehicles is expanding rapidly, evolving from basic rear-view cameras and dashcams to advanced applications such as surround-view systems, ADAS, e-mirrors, and DMS. This growth is driven not only by an increasing number of cameras per vehicle, but also by rising average single-camera module value, fueled by the demand for higher resolution, enhanced low-light performance, and functional safety features required for high-level autonomous driving. The automotive CIS market is thus being propelled by both quantity increases across various automotive systems and feature upgrades with higher values aimed at enabling intelligent sensing and safer driving experiences. Moreover, the growing popularity of autonomous driving technologies is accelerating the attach rate of CIS sensors in vehicles.

However, the automotive CIS market is characterized by long design cycles, rigorous quality requirements, and stringent safety certifications. CIS providers must engage closely with auto manufacturers early in the development process to design sensors that meet demanding performance standards and pass a range of reliability tests — such as ISO 26262 functional safety certification, AEC-Q reliability testing, and IATF16949 quality management system certification. Due to the requirement for better reliability and the long cycle for OEM qualification, development timelines in this sector are significantly extended. It typically takes two to five years from initial design-in to mass production of an automotive image sensor. As a result, once a sensor vendor secures supplier certification, automakers are generally reluctant to switch vendors during the lifecycle of a given vehicle model.

According to Frost & Sullivan, the global automotive CIS market grew from US\$1,377 million in 2020 to US\$2,499 million in 2024, representing a CAGR of 16.1%, and is expected to reach US\$7,028 million in 2029, representing a CAGR of 18.4% from 2025. The chart below sets forth the global automotive CIS market size.

INDUSTRY OVERVIEW

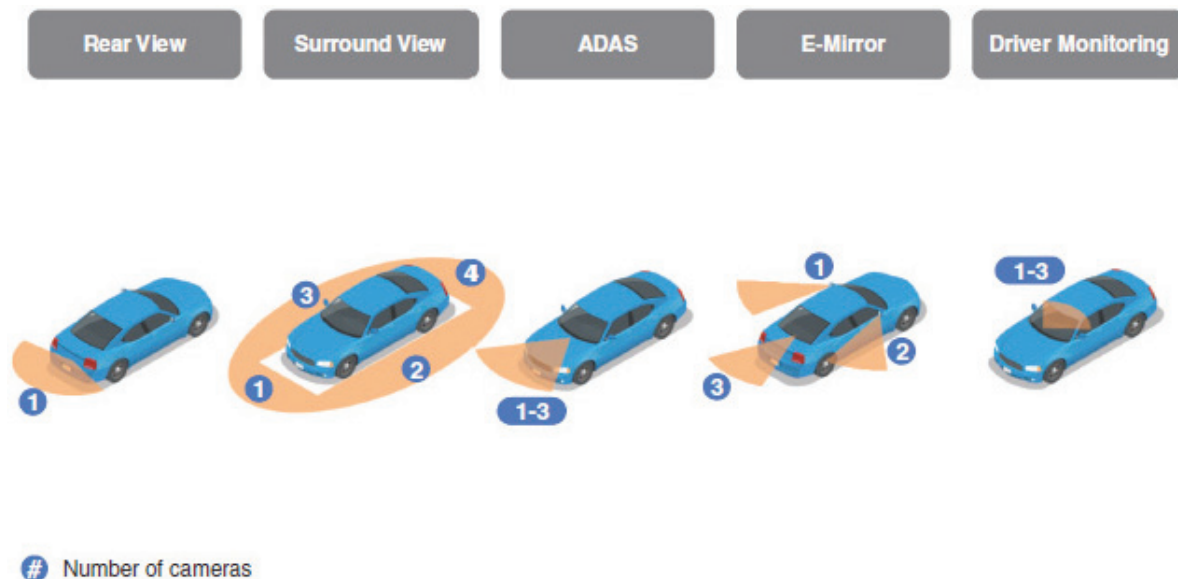
Size of global automotive CIS market, in terms of revenue
USD million, 2020-2029E



Source: Yole, Frost & Sullivan

The following key trends and drivers contribute to the rapid growth of the automotive CIS market:

- Growing demand for ADAS and autonomous driving.** The growing adoption of ADAS and the push toward autonomous driving have significantly increased demand for automotive CIS. Driven by both consumer safety expectations and regulatory requirements, Level 2+ autonomous features, such as lane-keeping assist, automated parking, and traffic jam pilots, are now standard in premium vehicle segments. These systems rely on multi-sensor fusion, including cameras, radar, and LiDAR, to enable real-time environmental perception. As a result, flagship models now integrate 10–14 automotive cameras, supporting functions such as 360° surround view, DMS, and occupant safety systems. The integration of AI-powered vision processing enables real-time hazard detection, while OTA updates ensure continuous performance improvement and compliance with evolving standards like Euro NCAP 2025.



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- *Resolution upgrade.* Automotive CIS technology has seen a significant resolution upgrade, with 8MP+ sensors becoming increasingly common. These high-resolution sensors enable advanced applications such as 4K surround-view systems and license plate recognition at distances exceeding 150 meters. This evolution supports higher fidelity imaging, which is critical for object identification and situational awareness in autonomous and semi-autonomous driving environments.
- *Differentiated requirements for other technologies.* Automotive CIS are increasingly differentiated by advanced capabilities beyond resolution. These include HDR, LFM, and ultra-low-light performance to ensure clarity in challenging conditions. Global shutter designs reduce motion artifacts, while ASIL-B/C functional safety compliance guarantees reliability under extreme environments. Features like occupant monitoring and AI-enhanced processing are also driving higher sensor value and enabling smarter automotive vision systems.
- *Favorable policies to promote EVs.* Compared to ICE vehicles, EVs typically have more advanced intelligent features, such as sophisticated ADAS and smart cockpits. Global support for EVs has intensified as major markets expand regulatory frameworks and fiscal incentives to accelerate adoption. The European Union's Euro 7 emissions standards, effective from 2025, impose stricter CO₂ limits for cars and vans, pushing automakers toward electrification. Meanwhile, China's updated New Energy Vehicle Industrial Development Plan (2025–2035) sets a target of achieving 40% zero-emission vehicle sales by 2030 — more than double its previous goal. In the United States, federal tax credits under the Inflation Reduction Act prioritize domestically manufactured EVs, complementing California's mandate to phase out internal combustion engine (ICE) vehicle sales by 2035. China continues to lead with aggressive policy measures, including extended purchase subsidies, license plate exemptions in major cities, and significant investments in ultra-fast charging infrastructure. These initiatives have driven EV sales to account for over 40% of China's total auto market in 2024. According to the International Energy Agency (IEA), global EV penetration is expected to surpass 20% by 2025, reflecting the growing momentum of electrification worldwide. These enhanced intelligent functionalities usually rely on a greater number of cameras, which in turn drives an increase in demand for CISs within the automotive sector, propelled by the growth in EV sales.

Medical

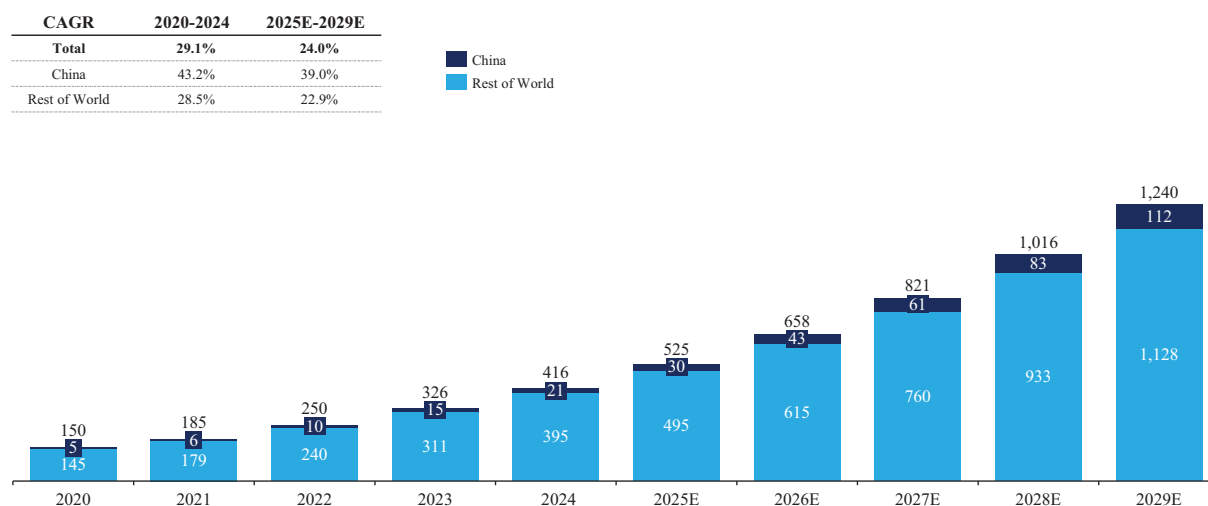
The medical sector is a rising vertical for CIS applications. This growth is driven by the rising number of surgical procedures, increasing preference for minimally invasive techniques, and the growing prevalence of chronic conditions such as digestive disorders. Heightened concerns around cross-contamination are also shaping market dynamics. Endoscopes represent the primary application for medical cameras and CIS, where image quality, size, and reliability are critical. As demand for minimally invasive procedures expands, so does the need for smaller, higher-resolution image sensors with enhanced performance capabilities. At the same time, concerns over infection risks from improperly sterilized reusable devices are accelerating the adoption of single-use endoscopes and catheters, which offer clear advantages in terms of safety, convenience, and cost-effectiveness — further driving demand for compact, well-performing CIS solutions.

According to Frost & Sullivan, the global medical CIS market grew from US\$150 million in 2020 to US\$416 million in 2024, representing a CAGR of 29.1%, and is expected to reach US\$1,240 million in

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2029, representing a CAGR of 24.0% from 2025. The chart below sets forth the global medical CIS market size.

Size of global medical CIS market, in terms of revenue
USD million, 2020-2029E



Source: Yole, Frost & Sullivan

Surveillance

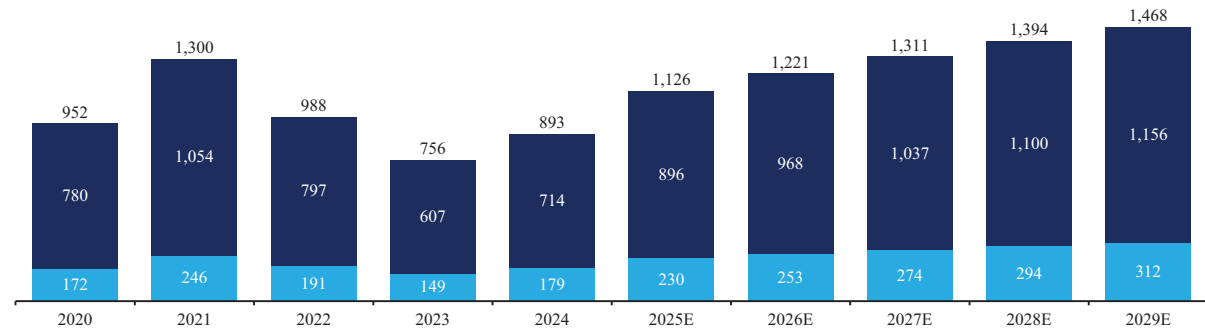
Surveillance represents a broadly utilized vertical for CIS applications, driven by the proliferation of intelligent ecosystems such as smart homes, smart communities, and smart manufacturing. CISs are deployed across both consumer-grade applications, including home security systems, doorbell cameras, and motion-activated devices, as well as large-scale deployments in public transportation hubs, office buildings, and industrial facilities. With the gradual increase in the complexity of video surveillance systems, the performance requirements for CIS have also intensified. Sensors are now expected to deliver enhanced performance in low-light imaging, HDR, HD/Ultra HD resolution, and intelligent identification capabilities. In response, CIS technologies are advancing rapidly — from HD to FHD — featuring higher sensitivity, lower power consumption, and built-in AI functions tailored to meet the specific demands of each application scenario. CIS vendors offering such tailor-made features are well positioned to gain share in the market.

According to Frost & Sullivan, the global surveillance CIS market fluctuated from US\$952 million in 2020 to US\$893 million in 2024, and is expected to further expand at a CAGR of 6.9% from 2025 to reach US\$1,468 million in 2029. The chart below sets forth the global surveillance CIS market size. Between 2021 and 2023, the global surveillance CIS market experienced a sustained decline primarily because the market size in 2021 represented a high base, driven by post-pandemic restocking and accelerated project deployments, followed by a prolonged inventory correction and softer end-market demand. The broader macroeconomic slowdown and delayed capital expenditure in commercial and public sector projects further constrained surveillance camera shipments from 2022 to 2023. The market rebounded in 2024 as inventories normalized, downstream demands resumed, and the product mix shifted toward higher-value cameras featuring AI-enabled analytics and higher-resolution sensors, supporting a recovery in demands of the global surveillance CIS market.

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Size of global surveillance CIS market, in terms of revenue
USD million, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	-1.6%	6.9%
China	-2.2%	6.6%
Rest of World	1.0%	7.9%



Source: Yole, Frost & Sullivan

Other Emerging Markets

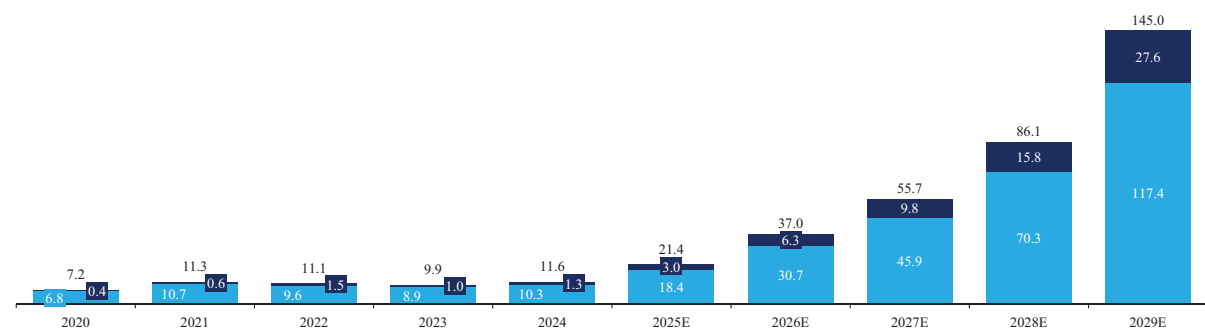
CIS are increasingly being adopted across emerging markets — represented by machine vision, smart glasses and Edge AI, among others — to enable advanced photography and sensing functionalities. These fast-growing segments are expected to create continuous market opportunities, driving both innovation and demand for next-generation sensor technologies.

Notably, smart glasses is emerging as the next digital frontier for CIS applications, fueled by global trends in smart technology adoption and AI integration. Global technology leaders are making significant investments across the smart glasses value chain, spanning hardware, software, content, and applications. Modern smart glasses incorporate multiple CIS units to support critical features such as gesture detection, depth and motion sensing, and head and eye tracking.

According to Frost & Sullivan, the shipment of global smart glasses market increased from 7 million in 2020 to 12 million in 2024, representing a CAGR of 12.6%, and expects to reach 145 million in 2029, representing a CAGR of 61.4% from 2025 to 2029.

Size of global smart glasses market, in terms of shipment
Million, 2020-2029E

CAGR	2020-2024	2025-2029E
Total	12.6%	61.4%
China	34.3%	74.2%
Rest of World	10.9%	59.0%



Source: IDC, Frost & Sullivan

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Threats and Challenges for CIS Market

Rising pressure for differentiation. Mainstream CIS architectures are approaching physical limits in pixel size, dynamic range, power efficiency, and noise reduction. Incremental improvements now yield diminishing returns. As a result, the next wave of competition is shifting from spec-driven hardware performance to system-level innovation including AI-driven image processing, sensor fusion, and advanced packaging such as stacked or 3D CIS.

Cost pressures and supply chain resilience. With increasing resolution and complex stacked designs, wafer fabrication and yield management have become more expensive and technically demanding. At the same time, global geopolitical factors add uncertainty to supply chain planning.

Overview of the Display IC Market

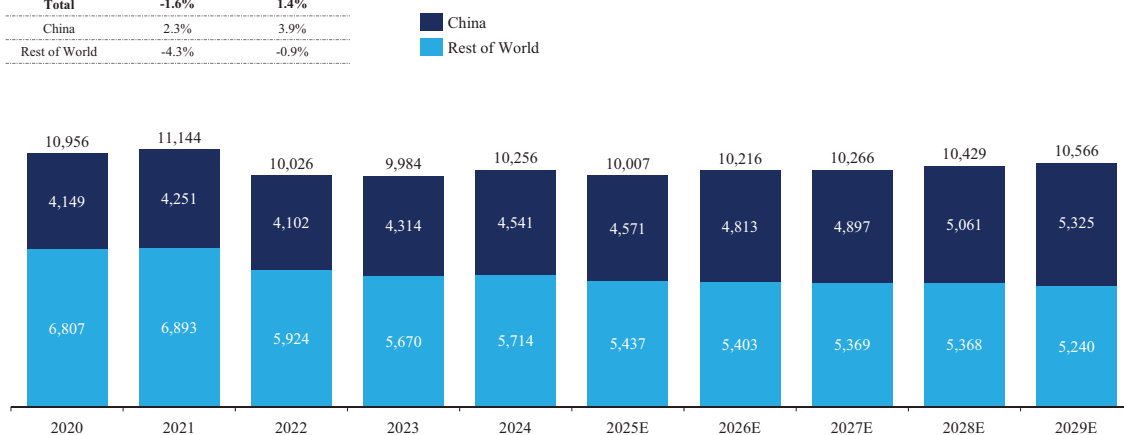
Display Driver IC (“DDIC”) Market

DDICs are semiconductor IC which provide the interface between processors and display devices, such as cathode ray tubes, LCD panels and OLED panels, LED, ePaper, and others. DDICs accept commands and data via industry-standard interfaces — such as TTL, CMOS, RS232, SPI, or I2C — and generate output signals with appropriate voltage, current, timing, and demultiplexing characteristics to render the desired text or image on the screen. In many cases, display driver ICs function as application-specific microcontrollers, often integrating memory components such as RAM, Flash, EEPROM, or ROM. Embedded firmware and display fonts stored in fixed ROM enable efficient control of display content and formatting. Today, LCD and OLED technologies dominate the market, both requiring advanced DDICs to manage panel operations while enabling displays to be more dynamic, design-friendly, and power-efficient.

According to Frost & Sullivan, the global DDIC market is expected to grow from US\$10,007 million in 2025 to US\$10,566 million in 2029, representing a CAGR of 1.4%. The chart below sets forth the global DDIC market size.

Size of global display driver IC market, in terms of revenue
USD million, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	-1.6%	1.4%
China	2.3%	3.9%
Rest of World	-4.3%	-0.9%

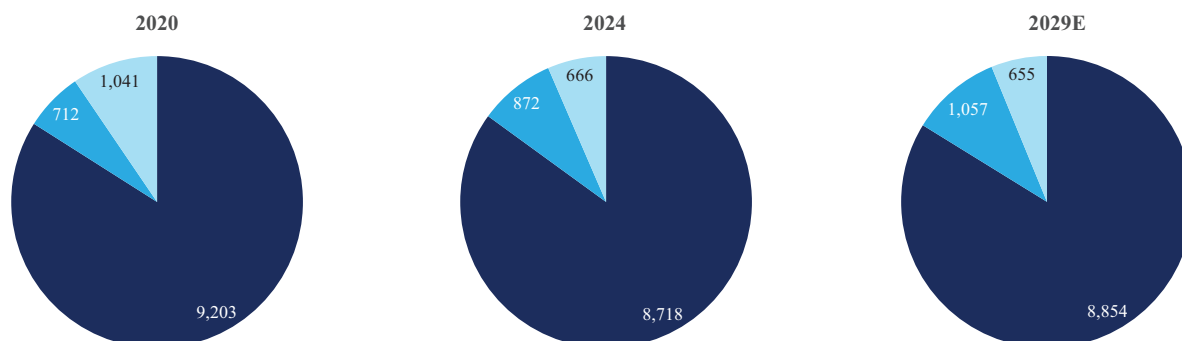


Source: Omdia, Frost & Sullivan

INDUSTRY OVERVIEW

Size of global display driver IC market by industry verticals, in terms of revenue
USD million, 2020-2029E

■ Consumer electronics ■ Vehicles and industrial ■ Others



Source: Omdia, Frost & Sullivan

Compared to LCD, each pixel on an OLED display is able to provide its own illumination so there is no need for separate backlight. Therefore, OLED displays offer improved image quality with lower power consumption, and enable ultra-thin, foldable and transparent designs with better durability. With the growing popularity of OLED displays, the OLED DDIC market is expected to grow at a faster pace than the overall DDIC market. According to Frost & Sullivan, the market size of OLED DDIC increased from US\$2,225 million in 2020 to US\$4,941 million in 2024, representing a CAGR of 22.1%, and is expected to further increase at a CAGR of 5.9% and reach US\$6,585 million in 2029.

China has the largest end markets for smartphones and televisions, which are the main demand drivers of display panels. Moreover, these applications are also predominantly manufactured and assembled in China. As a result, China has become the largest DDIC market, accounting for more than 55.9% of global shipment in 2024, according to Frost & Sullivan.

TDDI Market

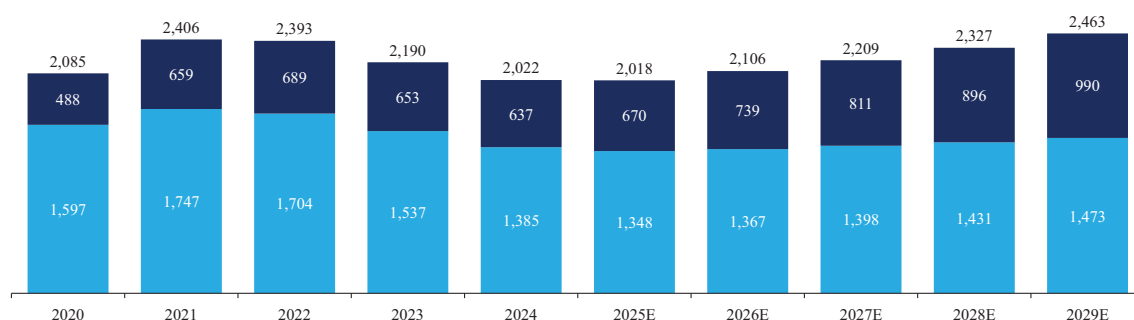
TDDI combines the functions of a display driver IC and a touch controller into a single chip, significantly enhancing system integration. This integration enables thinner, lighter, and more cost-effective mobile devices with improved display performance. TDDI receives data from the mainboard, processes it through analog-to-digital conversion and algorithmic optimization, and then adjusts the deflection of liquid crystal molecules by controlling output voltage — thereby precisely managing screen display effects. Compared to traditional architectures where display and touch functions are handled separately, TDDI offers enhanced noise management through unified control, resulting in cleaner signal transmission and enhanced overall display quality.

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The TDDI technology has become a widely adopted solution. This is particularly the case in the smartphone vertical, given that TDDI enables higher screen-to-body ratios and thinner designs. Larger screens such as tablets, computers and automotive displays are increasingly adopting the TDDI technology as well. According to Frost & Sullivan, the global TDDI market is expected to grow from US\$2,018 million in 2025 to US\$2,463 million by 2029, representing a CAGR of 5.1%. The chart below sets forth the global TDDI market size.

Size of global TDDI market, in terms of revenue
USD million, 2020-2029E

CAGR	2020-2024	2025E-2029E
Total	-0.8%	5.1%
China	6.9%	10.3%
Rest of World	-3.5%	2.2%



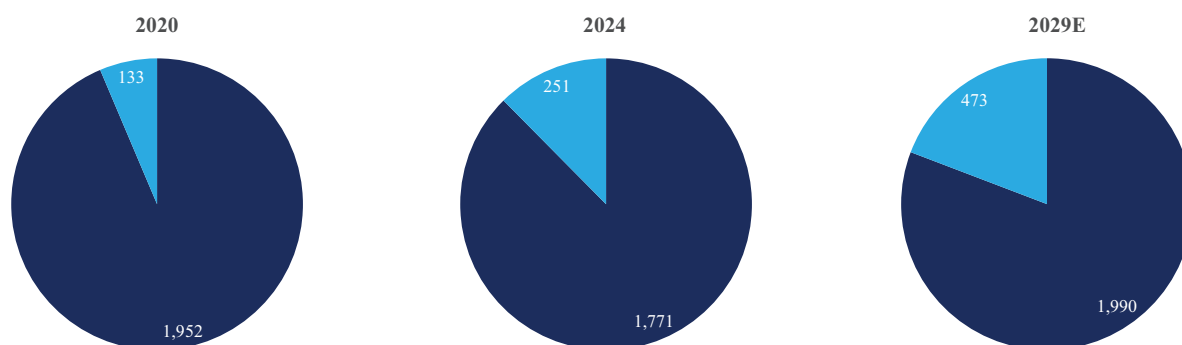
Source: Omdia, Frost & Sullivan

- As an innovative DDIC solution, the TDDI technology, which combines touch and display chips into one, have become a widely adopted solution. This is particularly the case in the smartphone vertical, given that TDDI enables higher screen-to-body ratios and thinner designs. Larger screens such as tablets, computers and automotive displays are increasingly adopting the TDDI technology as well.

Size of global TDDI market by industry verticals, in terms of revenue

USD million, 2020-2029E

Consumer electronics Vehicles and others



Source: Omdia, Frost & Sullivan

Global display driver IC shipments have grown steadily alongside expanding display panel production, with LCD panels maintaining a dominant share and OLED adoption gradually rising. Consumer demand for enhanced viewing experiences is pushing display drivers to support higher resolution, faster frame rates, and lower power consumption. The direction of IC development varies by panel size: small consumer electronics require highly integrated chips to enable slim, power-efficient designs, while large-size devices emphasize high-resolution performance to meet premium display expectations.

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Threats and Challenges for DDIC and TDDI Market

Transition to advanced display technologies. Display technologies are shifting from LCD to advanced display technologies such as AMOLED. Advanced display technologies require new driver architectures, higher voltage handling, and tighter power management. This transition puts pressure on traditional display IC suppliers whose products and IP are tied to legacy display types.

Intensifying competition in mature applications. Mature applications such as mass-market consumer electronics, DDIC and TDDI products are entering a phase of intensified competition. As product specifications converge and manufacturing becomes more standardized, differentiation through performance alone is becoming harder to sustain. In these segments, product pricing may face downward pressure.

Overview of the Analog IC Market

Analog ICs

Analog semiconductor devices used to process analog signals such as temperature, speed, sound and electrical current. An IC is classified as analog if at least 50% of its chip area is occupied by analog circuitry. These semiconductors encompass a wide range of product categories and are essential for bridging the gap between physical inputs and digital processing in electronic systems. A key type of analog IC is the PMIC, including LDOs and DC-DC converters, which provide critical power regulation and efficiency functions. These components are vital in battery-operated systems such as smartphones, PCs, earbuds, and other portable electronics — as well as in vehicles and industrial applications.

Analog ICs are broadly categorized into general-purpose analog chips, which serve universal functions across industries, and application-specific analog chips, tailored for specialized performance in targeted fields. PMICs and analog signal processing ICs also play important roles in managing energy flow and handling tasks like sensing, transmitting, and reproducing real-world signals with high fidelity, allowing signals to be transmitted accurately without distortion.

General-Purpose Analog ICs

- *Amplifiers and Comparators:* Used for signal conditioning, including amplification, filtering, buffering, and comparison (e.g., current sense amplifiers, transimpedance amplifiers).
- *Signal Conversion ICs:* Convert signals between analog and digital domains (ADCs, DACs) or between voltage and frequency forms.
- *Interface ICs:* Ensure signal integrity during transmission across physical media such as cables or PCB traces.
- *PMICs:* Regulate, convert, and distribute DC power for system efficiency and stability.

Application-Specific Analog Circuits

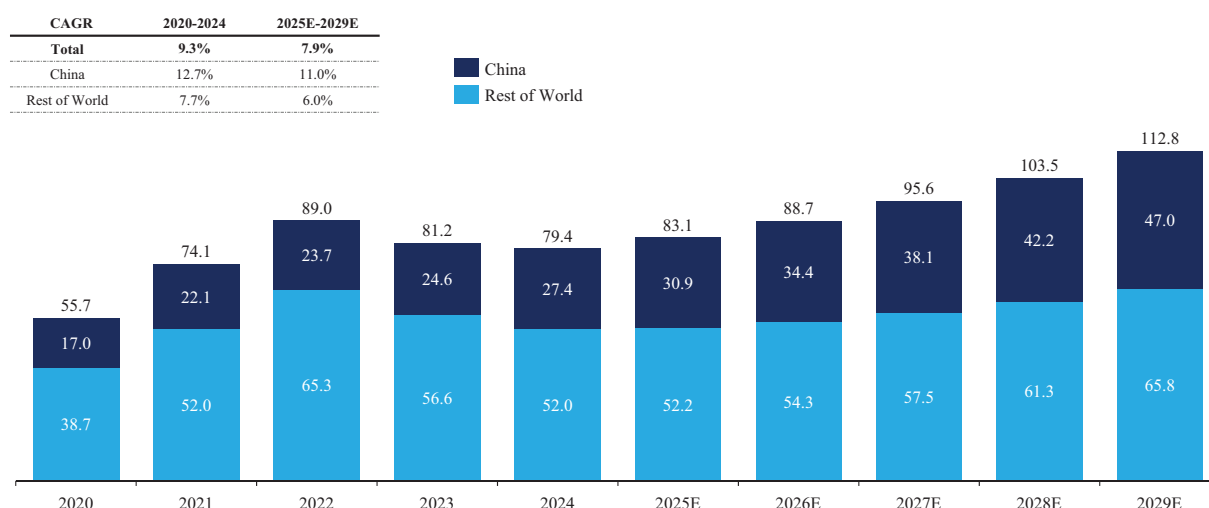
- *Consumer:* Designed for personal electronics such as smartphones, wearables, and home appliances.

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- **Computer:** Includes ICs used in computing systems, storage devices, and peripherals.
- **Communications:** Supports voice and data infrastructure and end-equipment applications outside military use.
- **Vehicles:** Powers infotainment, ADAS, and other automotive electronic systems.
- **Industrial and Others:** Deployed across industrial automation, medical diagnostics, and aerospace.

According to Frost & Sullivan, the global analog IC market (discrete semiconductor market not included) grew from US\$55.7 billion in 2020 to US\$79.4 billion in 2024, representing a CAGR of 9.3%, and is expected to further expand at a CAGR of 7.9% from 2025 to 2029 and reach US\$112.8 billion in 2029. The chart below sets forth the global analog IC market size.

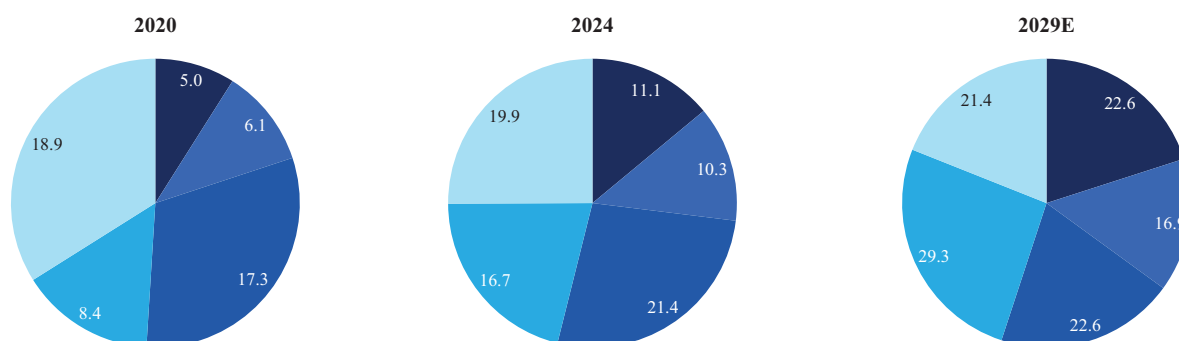
Size of global analog IC market, in terms of revenue
USD billion, 2020-2029E



Source: WSTS; Frost & Sullivan

Size of global analog IC market by industry verticals, in terms of revenue
USD billion, 2020-2029E

Computing & Storage Communication Consumer Electronics Vehicles Industrial and Others



Source: WSTS, Frost & Sullivan

The shift from traditional ICE vehicles to EVs is significantly boosting demand for analog ICs, as EVs rely entirely on electricity and require extensive power management ICs across various

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systems. The rise of electrification, coupled with advancements in autonomous driving, is increasing the need for sensors like millimeter-wave radar, with higher autonomy levels requiring more analog chips. As autonomous technology matures, EVs will demand even greater power efficiency and conversion capabilities, further elevating the value of analog ICs. In parallel, 5G infrastructure development — particularly base station construction — is driving growth in analog IC demand due to the need for high-frequency components such as amplifiers and converters. Additionally, the rollout of 5G has accelerated smartphone upgrades, with 5G devices requiring more analog ICs than their 4G counterparts due to increased system complexity and power consumption. Stricter performance requirements and emerging trends in AI-enabled smartphones and PCs — such as larger battery capacities — are further contributing to rising analog IC content and value in consumer electronics.

The key development trends include in analog ICs are high integration and low power consumption. Driven by rapid growth in emerging applications such as IoT, AI, EVs, cloud computing, and 5G, the global analog IC industry is expected to maintain strong momentum over the medium to long term. Automotive electrification and industrial energy efficiency demands are pushing analog chips toward higher performance and integration. In consumer electronics, compact and low-power designs remain critical for enhancing user experience, while the automotive sector emphasizes energy-saving capabilities. Diverse industry needs are fueling demand for analog ICs that are smaller, more integrated, and energy-efficient.

Riding on the large end-market demand and the trends of supply chain localization, China's analog IC market is growing rapidly and Chinese companies are catching up on high-end analog ICs through technology innovations in recent years. According to Frost & Sullivan, China is the largest market for analog ICs and the market size in China contributes to approximately 35% of the global analog IC market in 2024 and is expected to increase to 42% in 2029.

The threats and challenges for analog IC market include design and integration complexities and talent constraints. Analog ICs process continuous real-world signals, requiring exacting precision that resists automation and straightforward scaling. As devices increasingly combine analog and digital functions on a single chip, system complexity rises sharply. Designers must employ advanced simulation, testing, and optimized circuit layouts to ensure signal fidelity (accurate signal transmission without distortion), noise immunity, and long-term reliability. As design cycles shorten and system complexity rises, the shortage of experienced analog engineers has become a key bottleneck across regions.

Discrete Semiconductors

Discrete semiconductors, apart from analog ICs, include components such as TVS diodes, MOSFETs, Schottky diodes, and a variety of other singular-function devices. These components typically perform individual electronic functions such as voltage regulation, surge protection, power conversion, rectification, switching, mixing, and amplification. They are widely used across applications in computers, tablets, smartphones, telecommunications equipment, transportation systems — including EVs — as well as portable medical electronics. Discrete devices refer to electronic components with independent, non-integrated functions that cannot be separated from their core purpose. As one of the foundational and core areas of the semiconductor industry, discrete semiconductors play a critical role in enabling the operation of diverse electronic systems. From a technological perspective, the discrete semiconductor market is driven by the increasing demand for miniaturization and efficient power management in increasingly complex electronic applications. From

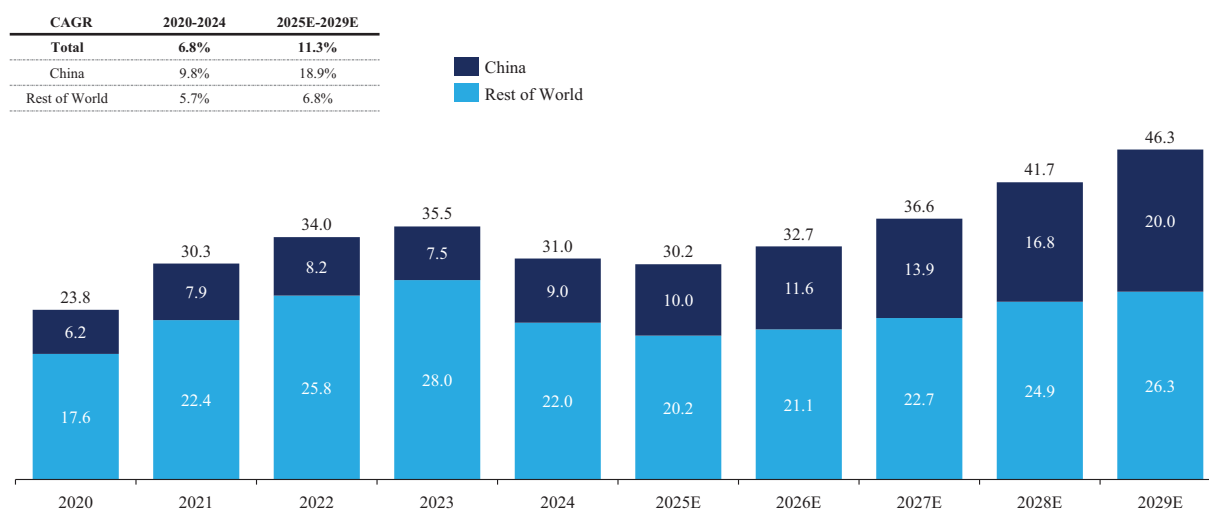
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a market demand standpoint, the growing electronic content across consumer, industrial, and automotive systems is fueling the need for high-energy, power-efficient devices — particularly MOSFETs and IGBTs in automotive applications.

The global discrete semiconductor market is relatively fragmented, with a large number of companies offering various product categories. Supply is largely influenced by upstream production capacity, while demand is pulled by growth in downstream end-markets across the value chain.

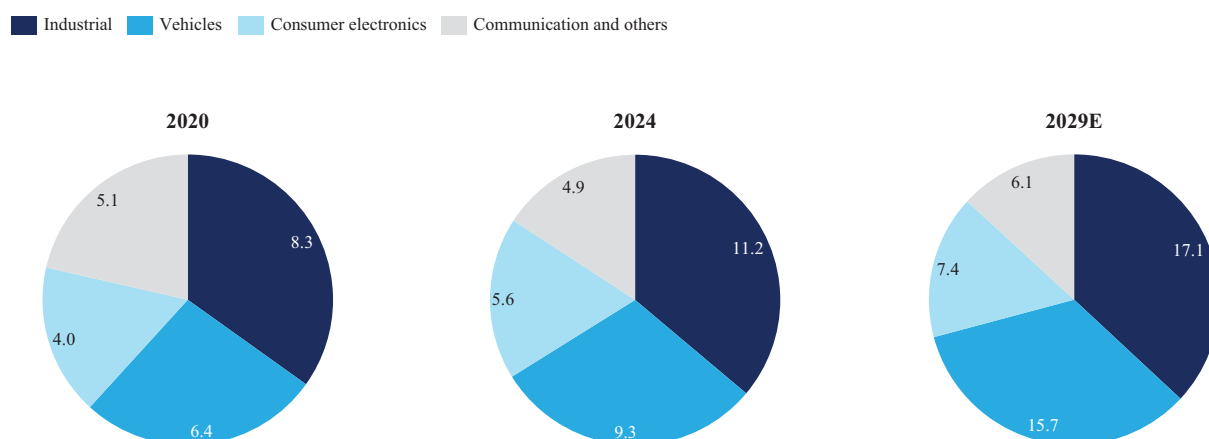
According to Frost & Sullivan, the global discrete semiconductor market grew from US\$23.8 billion in 2020 to US\$31.0 billion in 2024, representing a CAGR of 6.8%, and is expected to further expand at a CAGR of 11.3% from 2025 to reach US\$46.3 billion in 2029. The chart below sets forth the global discrete semiconductor market size.

Size of global discrete semiconductor market, in terms of revenue
USD billion, 2020-2029E



Source: WSTS; Frost & Sullivan

Size of global discrete semiconductor market by industry verticals, in terms of revenue
USD billion, 2020-2029E



Source: WSTS, Frost & Sullivan

The threats and challenges for discrete semiconductor market include intensifying competition in commodity segments and transition toward wide-bandgap materials. In mature product categories

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such as standard diodes, MOSFETs, and rectifiers, global competition is increasing as more players reach comparable performance and manufacturing maturity. As a result, these segments are seeing heightened price sensitivity. Moreover, the rise of electric vehicles, renewable energy systems, and high-efficiency power conversion is accelerating adoption of wide-bandgap materials like silicon carbide and gallium nitride. These wide-bandgap materials offer significant performance gains but require new fabrication processes, substrates, and packaging techniques.

Competitive Landscape of the Fabless Model

In 2024, the total number of semiconductor companies who are involved in semiconductor design was over 5,000 globally. The following table sets forth the competitive landscape of the fabless model in the global semiconductor market.

Top Ten Fabless Players of Global Semiconductor Market, in terms of revenue (2024)

Ranking	Players	Revenue from Semiconductor Business (USD billion)	Market share
1	Company G	117.6	18.7%
2	Company H	33.2	5.3%
3	Company I	30.1	4.8%
4	Company J	25.8	4.1%
5	Company K	16.5	2.6%
6	Company L	5.8	0.9%
7	Company M	3.8	0.6%
8	Company N	3.4	0.5%
9	The Group	3.0	0.5%
10	Company O	2.2	0.4%

- Company G, headquartered in United States, founded in 1993, listed on the NASDAQ, is primarily known for its main business of designing graphics processing units for the gaming and professional markets.
- Company H, headquartered in United States, founded in 1985, listed on the NASDAQ, is primarily known for its business of designing and manufacturing semiconductors, software, and services related to wireless technology.
- Company I, headquartered in United States, founded in 1991, listed on the NASDAQ, is primarily known for the design, development, and global supply of a wide range of semiconductor and infrastructure software products.
- Company J, headquartered in United States, founded in 1969, listed on the NASDAQ, is a semiconductor company known for designing and developing advanced computing and visualization products, such as CPUs and GPUs.
- Company K, headquartered in Taiwan, founded in 1997, listed on the TPE, has a main business of design and sales of system-on-a-chip (SoC) for various electronic devices.
- Company L, headquartered in United States, founded in 1995, listed on the NASDAQ, has a main business of providing data infrastructure semiconductor solutions.
- Company M, headquartered in Taiwan, founded in 1987, listed on the TWSE, is a semiconductor company that primarily designs and manufactures ICs for a wide range of applications.
- Company N, headquartered in Taiwan, founded in 1997, listed on the TWSE, is a leading fabless chip design company specializing in the design, development and sales of a wide range of display driver ICs and SoC solutions.

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- Company O, headquartered in United States, founded in 1997, listed on the Nasdaq, specializes in advanced analog semiconductor solutions.

Competitive Landscape of the CIS Market

In 2024, there were over 30 CIS providers in the global market. The global CIS market is highly concentrated and the top five players had a combined market share of 84.1% in 2024, in terms of revenue, according to Frost & Sullivan. We have been consistently ranked as one of the top three players in the global CIS market from 2019 to 2024 and our market share reached 13.7% in 2024. According to Frost & Sullivan, we are the third largest CIS provider globally as well as the largest China-based CIS provider, and the top automotive CIS provider globally, by revenue in 2024. The revenues of us in the following ranking tables do not include the revenue from pure distribution of products in the relevant market.

The following table set forth the competitive landscape of the global CIS market.

Top Five Players in Global CIS market, in terms of revenue (2024)

Ranking	Players	Relevant Revenue (USD billion)	Market Share
1	Company A	8.6	44.0%
2	Company B	3.2	16.4%
3	The Group	2.7	13.7%
4	Company C	1.1	5.8%
5	SmartSens	0.8	4.3%

Notes:

- Company A › headquartered in Japan, founded in 1946, listed on the NYSE, is one of the leading global players in the image sensor market, renowned for its innovative technology in CMOS sensors used in mobile devices, cameras, and automotive systems.
- Company B › headquartered in South Korea, founded in 1938, listed on the KRX, is a major player in the CIS market, providing high-performance sensors for smartphones, automotive applications, and security surveillance.
- Company C › headquartered in United States, founded in 1999, listed on the NASDAQ, is a leading semiconductor company, providing a wide range of image sensors and solutions for vehicles industrial, and consumer applications.
- SmartSens › headquartered in Shanghai China, founded in 2017, listed on the SSE, is a prominent player in the CIS industry, focusing on the development of sensors for applications such as mobile, vehicles and security systems.

Source: Frost & Sullivan Report

We have maintained a leading position across major verticals. According to Frost & Sullivan, in 2024, we are the world's third largest smartphone CIS provider with a market share of 10.5% and the largest automotive CIS provider with a market share of 32.9%. In 2024, there were around eight market players in the global smartphone CIS market, and there were approximately ten market players in the global automotive CIS market.

The following tables set forth the competitive landscape of the CIS market by industry sector.

Top Five Players in Global Smartphone CIS market, in terms of revenue (2024)

Ranking	Players	Relevant Revenue (USD billion)	Market Share
1	Company A	6.0	46.4%
2	Company B	2.8	21.6%
3	The Group	1.4	10.5%
4	Company E	0.5	4.0%
5	GalaxyCore	0.5	3.9%

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Notes:

1. Company E, headquartered in South Korea, founded in 1983, listed on the KRX, is a leading global semiconductor company, specializing in DRAM, NAND flash memory, and image sensors for various applications, including smartphones, computing, and automotive systems.
2. GalaxyCore, headquartered in Shanghai China, founded in 2003, listed on the SSE, is a prominent Chinese company focused on the design and manufacturing of image sensors, providing solutions for mobile devices, security cameras, and automotive applications.

Source: Frost & Sullivan Report

Top Five Players in Global Automotive CIS market, in terms of revenue (2024)

Ranking	Players	Relevant Revenue (USD billion)	Market Share
1	The Group	0.8	32.9%
2	Company C	0.8	30.4%
3	Company A	0.4	17.6%
4	Company B	0.1	3.2%
5	SmartSens	0.1	2.8%

Source: Frost & Sullivan Report

From 2022 to 2024, the average selling price of CIS in the global market remained relatively stable in general with a modest increasing trend. The increase was due to the reduced inventory from an elevated level in prior years and the increasing market demand from downstream markets.

Average selling price of CIS (USD)	2022	2023	2024
	1.5 – 3.5	1.6 – 3.7	2.0 – 4.0

The price of our main raw material, wafer, was generally stable from 2022 to 2024, with fluctuations of no more than 5%. The global wafer industry is highly concentrated, mainly dominated by TSMC, Samsung, SMIC, and UMC.

Competitive Landscape of the Display Solution Market

In 2024, there were over 50 market players in the global display solution market. The global display solution market is relatively concentrated. In terms of revenue from display solutions (including DDIC and TDDI) in 2024, our market share in the global market was 1.2%, according to Frost & Sullivan.

Competitive Landscape of the Analog IC Market

In 2024, there were over 1,000 market players in the global analog IC market. The global analog IC market, characterized by its extensive applications and diverse product portfolios, is relatively fragmented. In terms of revenue from analog IC products in 2024, our market share in the global market was less than 0.3% according to Frost & Sullivan.

Entry Barriers and Key Success Factors

Technology. For fabless companies in sectors such as CIS, DDICs, analog ICs, and discretes, the main technological barrier lies in mastering the specialized design expertise and process integration knowledge unique to these products. These devices often demand highly optimized analog and mixed-signal circuit design, precise control of noise, power consumption, and signal integrity, and close coordination with manufacturing partners to match design parameters with process capabilities.

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Achieving competitive performance and yield requires years of accumulated know-how and access to proprietary IP, which is difficult for newcomers to replicate without a seasoned engineering team and extensive trial-and-error development.

Customers. The customer-related barrier is the prolonged and rigorous qualification process required to win adoption in downstream systems. Customers in industries such as consumer electronics, vehicles and industrial equipment typically require extended reliability testing, environmental stress tests, and compliance certification before approving a new supplier. These processes can take over a year, during which the supplier must provide engineering samples, respond to design changes, and demonstrate a stable supply plan. Established vendors benefit from existing trust and integration history, making it challenging for a new entrant to displace them.

Brand awareness and reputation. The core brand barrier is the absence of a proven reliability record, which is a critical factor in semiconductor purchasing decisions. In markets like vehicles or industrial electronics, where the cost of a field failure is high, customers place a premium on suppliers with a documented history of low defect rates, longterm product lifecycle support, and responsive technical assistance. Without recognized design wins or public endorsements from reputable customers, a new fabless company may find it difficult to gain the same level of buyer confidence as established competitors.

Talent. The key talent barrier is building a multidisciplinary engineering and operations team with deep domain knowledge. Successful execution in these markets requires analog and mixed-signal IC designers, system application engineers, and product quality specialists. Recruiting such talent is particularly difficult for startups, as established semiconductor companies offer more stable career paths, broader project exposure, and competitive compensation packages.

Supply Chain. The major supply chain barrier is securing dependable manufacturing, packaging, and testing capacity from foundries and OSATs, especially for specialized processes used in CIS, high-voltage display driver ICs, and analog power devices. These specialized process lines are heavily allocated to long-term customers. New entrants must overcome the reluctance of manufacturing partners to prioritize small or unproven orders, which can result in long lead times, unpredictable delivery schedules, and challenges in meeting customer volume requirements during ramp-up.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan, an independent global consulting firm that offers industry research and market strategies and provides growth consulting and corporate training to conduct a detailed research on and analysis of the global semiconductor market. We have agreed to pay a fee of RMB550,000 to Frost & Sullivan in connection with the preparation of the Frost & Sullivan Report. We have extracted certain information from the Frost & Sullivan Report in this section, as well as in “Summary,” “Risk Factors,” “Business,” “Financial Information,” and elsewhere in this document to provide our potential investors with a more comprehensive presentation of the industries where we operate.

During the preparation of the Frost & Sullivan Report, Frost & Sullivan performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on the industry trends of the target research markets. Primary research involved discussing the status of the market with leading industry participants and industry experts. Secondary research involved

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reviewing company reports, independent research reports and data based on Frost & Sullivan's own database. Frost & Sullivan has independently verified the information, but the accuracy of the conclusions of its review largely relies on the accuracy of the information collected. Frost & Sullivan's research may be affected by the accuracy of assumptions used and the choice of primary and secondary sources.

The Frost & Sullivan Report was compiled based on the following assumptions: (i) the economy of Chinese Mainland and the global economy are likely to maintain steady growth in the near future; and (ii) the social, economic, and political environment of Chinese Mainland and the world is likely to remain stable from 2025 to 2029.

Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Frost & Sullivan Report that may qualify, contradict or have a material impact on the information.

REGULATORY OVERVIEW

PRC GOVERNMENT REGULATION

A significant portion of the Group's business is subject to Chinese laws, administrative regulations, departmental rules and other normative documents. This section sets out a summary of the most important and relevant industrial policies, laws, regulations and normative documents governing the Company's business operations.

I. INDUSTRIAL POLICIES

1. Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives for 2035

Pursuant to the Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Long-Range Objectives for 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》) promulgated by the National People's Congress of the People's Republic of China (NPC) on March 12, 2021, China will formulate and implement strategic scientific programs and scientific projects in the basic and core areas concerning national security and development, and carry out strategic national projects in artificial intelligence, quantum information, IC, life and health, brain science, biological breeding, aerospace science and technology, deep earth and deep sea, among other frontier fields. In addition, China will foster advanced manufacturing clusters and promote the innovation and development of industries such as IC, aerospace equipment, high-tech ships and ocean engineering equipment, robots, advanced railway equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine and medical equipment.

2. The National Informatization Plan during the 14th Five-Year Plan period

Pursuant to the National Informatization Plan during the 14th Five-Year Plan period (《“十四五”國家信息化規劃》) released by the Office of the Central Cyberspace Affairs Commission on December 27, 2021, China will accelerate the development of key technologies of IC, and promote innovation in computing chips, memory chips, etc., accelerate the research and development of key materials such as IC design tools, etc.

3. The Development of Digital Economy during the 14th Five-Year Plan period

Pursuant to the Development of Digital Economy during the 14th Five-Year Plan period (《“十四五”數字經濟發展規劃》) issued by the State Council on December 12, 2021, China will focus on breakthroughs in key technologies in high-end chip and take the lead in the layout of integration and innovation of cutting-edge technologies, focus on the next-generation mobile communication technology, quantum information, neural chip, brain-like intelligence, DNA storage, third-generation semiconductor and other emerging technologies.

4. The National Intellectual Property Protection and Use Plan during the 14th Five-Year Plan period

Pursuant to the National Intellectual Property Protection and Use Plan during the 14th Five-Year Plan period (《“十四五”國家知識產權保護和運用規劃》) released by the State Council on October 9, 2021, China will promote the high-quality creation of intellectual property. Efforts should be made to improve upon the policies for supporting high-quality creation and strengthen the creation

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and reserve of independent intellectual property in fields such as artificial intelligence, quantum information, IC, basic software, life health, brain science, biological breeding, aerospace technology and deep earth and sea exploration.

5. Several Policies for Promoting the High-quality Development of IC and Software Industries in the New Era

Pursuant to the Several Policies for Promoting the High-quality Development of IC and Software Industries in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》) issued by the State Council on July 27, 2020, key IC design enterprises and software enterprises encouraged by the State are exempted from EIT from the first to the fifth year from the profit-making year and shall be subject to EIT at a reduced tax rate of 10% for subsequent years.

6. Outline of Regional Integration Development Plan in the Yangtze River Delta

Pursuant to the Outline of Regional Integration Development Plan in the Yangtze River Delta (《長江三角洲區域一體化發展規劃綱要》) promulgated by the Central Committee of the Communist Party of China and State Council on December 1, 2019, China will focus on ten key areas including IC and accelerate the development of IC industry chain, etc., and cultivate a number of leading enterprises with international competitiveness. Furthermore, China will actively develop frontier industries such as biomedicine, IC, etc. in the China (Shanghai) Pilot Free Trade Zone and deliberate tax supporting policies.

7. Catalog on Readjustment of Industrial Structure (Version 2024)

Pursuant to the Catalog on Readjustment of Industrial Structure (Version 2024) (《產業結構調整指導目錄(2024年本)》) released by the NDRC on December 27, 2023 and effective on February 1, 2024, the design, package and test of IC are included as encouraged projects.

8. Catalog on Key Products and Services of Strategic Emerging Industries (Version 2016)

Pursuant to the Catalog on Key Products and Services of Strategic Emerging Industries (Version 2016) (《戰略性新興產業重點產品和服務指導目錄(2016版)》) issued by the NDRC on January 25, 2017, the design and services of IC chip are designated as the key products and services of strategic emerging industries.

9. National Innovation-driven Development Strategy Outlines

According to the National Innovation-driven Development Strategy Outlines (《國家創新驅動發展戰略綱要》) enacted on May 19, 2016, China will strive to make technological breakthrough and promote integration circuits and other independent hardware and software products and cybersecurity to provide safeguard for China's economic transformation and upgrade and the maintenance of national cybersecurity. For 2020, China will continue to accelerate the implementation of major national scientific and technological projects that have been deployed, focus on the target and highlight the key points, capture the core technologies in high-end general-purpose chips, high-end CNC machine tools, IC equipment and other aspects, form a number of strategic technologies and strategic products, and foster emerging industries.

10. Outline for Promoting the Development of National Integrated Circuit Industry

As is stipulated in the Outline for Promoting the Development of National IC Industry (《國家集成電路產業發展推進綱要》) released on June 24, 2014, (i) great efforts shall be put on the development of IC design industry. China shall, by focusing on the industrial chain of key areas, strengthen IC design, software development, system integration, collaborative innovation in contents and services so as to drive the growth manufacturing industry by the rapid development of design industry; (ii) the development of IC manufacturing industry shall be accelerated. China shall, by seizing the favorable opportunity of technological reform, break the bottleneck of investment and financing and continue to promote the construction of advanced production lines; (iii) the development level of advanced packaging and testing industry shall be improved. China shall vigorously promote the merger and reorganization of domestic packaging and testing enterprises and increase industrial concentration, etc.

11. Urgent Notice on the Rules for Determining the “Place of Origin” of Semiconductor Products

As stipulated in the Urgent Notice on the Rules for Determining the “Place of Origin” of Semiconductor Products (《中國半導體行業協會關於半導體產品“原產地”認定規則的緊急通知》) issued by the China Semiconductor Industry Association (《中國半導體行業協會》) in 2025, the origin of semiconductor products is primarily determined by the location where the wafer fabrication is completed. This rule ensures clarity and consistency in origin declarations, facilitating international trade and regulatory compliance.

12. Several Policy Measures for Promoting the Healthy Development of Online New Economy in Shanghai

As outlined in the Several Policy Measures for Promoting the Healthy Development of Online New Economy in Shanghai (《上海市促進在綫新經濟健康發展的若干政策措施》), the city of Shanghai has introduced a series of initiatives aimed at fostering the growth and innovation of the online new economy. These measures include substantial support for the digital transformation of traditional industries, the creation of a robust innovation ecosystem through funding and collaboration, and the establishment of a favorable regulatory environment to encourage compliance and innovation. By leveraging advanced technologies such as big data, artificial intelligence, and the IoT, Shanghai aims to enhance economic growth and social development through the vibrant development of the online new economy.

13. 14th Five-Year Plan for Utilizing Foreign Investment

As stipulated in the 14th Five-Year Plan for Utilizing Foreign Investment (《“十四五”利用外資發展規劃》), the Chinese government aims to guide foreign investment towards key strategic industries, including IC. This initiative seeks to enhance the technological capabilities and industrial competitiveness of China’s semiconductor sector by attracting high-quality foreign capital and advanced technologies. By focusing on sectors such as IC, the plan aims to foster innovation and sustainable development, thereby strengthening China’s position in the global semiconductor market.

14. Notice on Import Tax Policies to Support the Development of the IC and Software Industries Issued by the MOF, the GAC, and the STA

As stipulated in the Notice on Import Tax Policies to Support the Development of the IC and Software Industries (《關於支持集成電路產業和軟件產業發展進口稅收政策的通知》) issued by the

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Ministry of Finance (MOF), the General Administration of Customs of the People's Republic of China (GAC), and the State Taxation Administration (STA) in March 16, 2021, enterprises in the IC and software sectors are granted preferential import tax policies. These policies aim to reduce the import costs of necessary equipment, materials, and components, thereby enhancing the competitiveness of domestic enterprises. By providing tax exemptions and reductions, the notice supports the technological innovation and sustainable development of the IC and software industries, strengthening China's position in these strategic sectors.

15. Guidelines on Expanding Investment in Strategic Emerging Industries and Cultivating New Growth Points and Poles Issued by the NDRC, the Ministry of Science and Technology, the MIIT, and the MOF

As stipulated in the Guidelines on Expanding Investment in Strategic Emerging Industries and Cultivating New Growth Points and Poles (《關於擴大戰略性新興產業投資培育壯大新增長點增長極的指導意見》) issued by the NDRC, the Ministry of Science and Technology, the MIIT, and the MOF in September 8, 2020, the Chinese government aims to increase investment in strategic emerging industries, including IC, to foster new growth drivers. This initiative seeks to enhance the technological capabilities and industrial competitiveness by attracting investment and promoting innovation in key areas, thereby driving sustainable economic development and strengthening China's position in the global market.

16. Guidelines on Further Stimulating the Vitality of Private Investment and Promoting Sustainable and Sound Economic Development Issued by the General Office of the State Council

As stipulated in the Guidelines on Further Stimulating the Vitality of Private Investment and Promoting Sustainable and Sound Economic Development (《關於進一步激發民間有效投資活力促進經濟持續健康發展的指導意見》) issued by the General Office of the State Council in September 1, 2017, the government aims to leverage fiscal funds to attract various types of social capital through investment subsidies, capital injections, and the establishment of funds. This initiative seeks to support enterprises in intensifying technological upgrades and increasing investment in key areas and weak links, including IC.

II. MAJOR LAWS, REGULATIONS AND NORMATIVE DOCUMENTS

1. Regulations relating to Intellectual Properties

(i) Patent

Pursuant to the Patent Law of the People's Republic of China (《中華人民共和國專利法》) promulgated by the Standing Committee of the NPC on March 12, 1984, which was latest revised on October 17, 2020 and came into force on June 1, 2021, and the Implementing Regulations of the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001, latest revised on December 11, 2023, and effective from January 20, 2024, an invention-creation referred to in those laws shall mean an invention, utility model or design. The patent bureau under the China National Intellectual Property Administration (CNIPA) shall be responsible for administration of patent matters nationwide, accept and examine patent applications on a unified basis and grant patent rights pursuant to the law. The patent administrative departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for patent administration matters within their respective administrative regions. Inventions and utility models for which patent rights are granted shall possess

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novelty, creativity and practicality. The duration of patent rights for an invention shall be 20 years, the duration of patent rights for a utility model shall be 10 years and the duration of patent rights for a design shall be 15 years, commencing from the filing date. Following the grant of patent rights for an invention or a utility model or design, no organization or individual shall implement the patent without licensing from the patentee. The limitation of action for infringement of patent rights shall be three years, commencing from the date on which a patentee or interested party becomes or should become aware of the infringing act and the infringer.

(ii) Trademark

Pursuant to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) promulgated by the Standing Committee of the NPC on August 23, 1982, latest revised on April 23, 2019 and implemented on November 1, 2019, and the Implementing Regulations of the Trademark Law of the People's Republic of China (《中華人民共和國商標法實施條例》), promulgated by the State Council on August 3, 2002, latest revised on April 29, 2014, and implemented on May 1, 2014, trademarks approved and registered by the trademark bureau under the CNIPA are registered trademarks, including commodity trademarks, service marks and collective trademarks, certification marks. Trademark registrants enjoy exclusive rights to use trademark and are protected by the law. The trademark bureau under the CNIPA shall be in charge of trademark registration and administration nationwide and be responsible for handling trademark disputes. Natural persons, legal persons or any other organizations that need to obtain exclusive rights to use trademark for their commodities or services in the course of their manufacturing and business activities shall apply to a trademark bureau for trademark registration. Any mark which can differentiate the commodities of a natural person, legal person or any other organization with the commodities of others, including text, graphics, alphabets, numbers, three-dimensional mark, color combination and sound, etc. and a combination of the aforesaid elements, may be registered as a trademark. A registered trademark shall be valid for 10 years, commencing from the date of registration. Upon expiry of the validity period of a registered trademark, where the trademark registrant intends to continue using the trademark, it shall complete renewal formalities pursuant to the provisions within the 12-month period before the expiry date; where renewal formalities are not completed within the stipulated period, a six-month extension may be allowed. The validity period of each renewal shall be 10 years, commencing from the date following expiry of the preceding validity period of the said trademark. Where renewal formalities are not completed upon expiry of the validity period, the registered trademark shall be canceled. In the event of a dispute arising from any of the acts of infringement of exclusive rights to use registered trademarks, the parties concerned shall negotiate for resolution; where the parties concerned are unwilling to negotiate or where negotiation is unsuccessful, the trademark registrant or a stakeholder may file a lawsuit with a People's Court or request that the trademark bureau under the CNIPA handle the dispute.

(iii) Copyright

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) promulgated by the Standing Committee of the NPC on September 7, 1990, latest revised on November 11, 2020 and implemented on June 1, 2021, and the Implementing Regulations of the Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》), promulgated by the State Council on August 2, 2002, latest revised on January 30, 2013, and implemented on March 1, 2013, Chinese citizens, legal persons or organizations without legal personality enjoy copyright over their works, whether published or not, in accordance with this Law.

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Copyright shall belong to the author, unless otherwise stipulated in this Law. Copyright shall include the following personal rights and property rights: publication right, right of authorship, right of revision, right to preserve the integrity of work, reproduction right, distribution right, rental right, exhibition right, performance right, screening right, broadcasting right, information network transmission right, filming right, adaptation right, translation right, compilation right, and any other rights enjoyed by a copyright holder. The period of protection of right of authorship, right of revision, right to preserve the integrity of work of an author shall not be subject to restriction. The period of protection of other copyrights shall be the entire life span of the author and 50 years following his/her death for a natural person and 50 years for a legal person or unincorporated organization.

According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration (NCA) on February 20, 2002, latest revised on June 18, 2004, and implemented on July 1, 2004, and 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, latest revised on January 30, 2013, and implemented on March 1, 2013, Chinese citizens, legal persons and other organizations shall enjoy copyright on software they develop in accordance with this Law, regardless of whether the software is released publicly or not. A software copyright holder may carry out registration formalities with the NCA. A registration certificate issued by the NCA shall be a *prima facie* evidence for having been registered. Fees shall be charged for the registration of computer software. Software copyright commences from the date on which the development of the software is completed. The protection period for a natural person's software copyright shall be the natural person's whole lifetime plus 50 years after his/her death. The protection period for software copyright of a legal person or organization shall be 50 years, concluding on December 31 of the 50th year after the software's initial release. But if the software has not been released within 50 years from the date on which the software development is completed, it shall no longer receive the protection of this Law.

(iv) Layout-Designs of IC

Pursuant to the Regulations for the Protection of the Layout Design of IC (《集成電路布圖設計保護條例》) promulgated by the State Council on April 2, 2001 and implemented on October 1, 2001 and its implementation rules, proprietary rights in layout designs shall become valid after being registered, any unregistered layout designs are not protected by this Law. Holders of proprietary rights in a layout design shall enjoy the following proprietary rights: (i) to duplicate the whole protected layout design or any part of the design that is original; and (ii) to make commercial use of the protected layout design, the IC containing the said layout design, or commodities containing the said IC. The protection period of the proprietary rights in a layout design is ten (10) years, commencing from the date of the application for registration of the layout design or the date that it is put into commercial use anywhere in the world, whichever is earlier. However, regardless of whether or not a layout design is registered, or whether or not it is put into commercial use, it shall no longer be protected by this Law after fifteen (15) years from the time of its creation.

2. Regulations relating to Foreign Investment

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), promulgated by the NPC on March 15, 2019, and effective January 1, 2020, clarifies that the state implements a management system of pre-establishment national treatment plus a negative list for foreign investment. "Pre-establishment national treatment" means that foreign investors and their

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investments are accorded treatment no less favorable than that accorded to domestic investors and their investments at the investment access stage. The “negative list” refers to the special administrative measures for market access that the state stipulates for foreign investment in specific fields. The state grants national treatment to foreign investment outside the negative list. In addition, the Implementing Regulations of the Foreign Investment Law of the People’s Republic of China (《中華人民共和國外商投資法實施條例》), effective from January 1, 2020, further stipulates that the state formulates a catalog of industries encouraged for foreign investment in accordance with the needs of national economic and social development, specifying particular industries, fields, and regions to encourage and guide foreign investment.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), jointly promulgated by the Ministry of Commerce and the SAMR on December 30, 2019, and effective from January 1, 2020, foreign investors who directly or indirectly conduct investment activities within the territory of China shall promptly submit investment information to the competent commerce authorities by the foreign investor or the foreign-invested enterprise.

Investments in the PRC by foreign investors are regulated by the Special Administrative Measures (Negative List) for Foreign Investment Access (Version 2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》), the latest version of which was promulgated by the NDRC and the Ministry of Commerce on September 6, 2024 and became effective from November 1, 2024. The Negative List sets out the requirements on equity and senior executives and other special administrative measures for foreign investment access. Fields not mentioned in the Negative List shall be subject to administration under the principle of consistency for domestic and foreign investments. The business of the Company and its domestic subsidiaries does not fall into the Negative List.

3. Regulations relating to Foreign Exchange

Pursuant to the Regulation 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, last amended on August 5, 2008 and implemented on the same date, the State shall not impose restrictions on regular international payments and transfers. The foreign exchange receipts of domestic organizations and domestic individuals may be remitted into China or deposited overseas; the criteria and time-limit for remittance into China or overseas deposits, etc. shall be stipulated by the State Administration of Foreign Exchange (SAFE) according to the status of international balance of payments and foreign exchange control requirements. Overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the SAFE or its local branches. Overseas organizations and overseas individuals engaging in issuance and trading of quoted securities or derivatives in China shall comply with the market entry provisions of the State and process registration formalities pursuant to the provisions of the SAFE. Domestic organizations and domestic individuals making direct investments overseas or engaging in issuance and trading of quoted securities and derivatives overseas shall process registration formalities pursuant to the provisions of the SAFE. Where the State stipulates that prior approval by or filing with the relevant authorities in charge is required, the approval or filing formalities shall be processed prior to foreign exchange registration formalities.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), promulgated by the SAFE on February 13,

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2015 and effective from June 1, 2015, banks shall directly review and handle the foreign exchange registration for domestic and overseas direct investments on behalf of the SAFE. The SAFE and its branches shall exercise indirect supervision over the foreign exchange registration for direct investments conducted through banks.

As stipulated in the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control 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》) promulgated by the SAFE and implemented on June 9, 2016, revised on December 4, 2023 by SAFE Notice on Further Deepening the Reform to Facilitate Cross-border Trade and Investment (《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》), the foreign exchange receipts under the capital account of a domestic institution and the RMB funds obtained from foreign exchange settlement may be used for expenditures under the current account within its business scope or the expenditure under the capital account permitted by laws and regulations. Domestic institutions shall comply with the following provisions in using their foreign exchange receipts under the capital account and RMB funds obtained from foreign exchange settlement: (i) Such receipts and funds shall not, directly or indirectly, be used for the expenditures beyond the business scope of domestic institutions or the expenditures prohibited by laws and regulations of the State; (ii) Unless otherwise expressly provided, such receipts and funds shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk rating results not higher than Level 2; (iii) Such receipts and funds shall not be used for the granting of loans to non-affiliated enterprises, with the exception that such granting is expressly permitted in the business license; and (iv) Such receipts and funds shall not be used for purchase of real estate for purpose other than self-use (exception applies for real estate or real estate leasing enterprises).

Pursuant to the Notice of the State Administration of Foreign Exchange on Reforming the Foreign Exchange Settlement Management of Foreign-Invested Enterprises' Capital (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) issued by the SAFE on March 30, 2015 and effective from June 1, 2015, foreign-invested enterprises can use the RMB funds obtained from their foreign exchange capital for equity investment. The foreign exchange capital in the capital account of a foreign-invested enterprise, which has been confirmed by the foreign exchange administration or registered by the bank, can be settled in a bank according to the actual business needs of the enterprise. The voluntary settlement ratio of foreign-invested enterprises' foreign exchange capital is temporarily set at 100%. The SAFE may adjust this ratio in a timely manner according to the balance of payments situation.

The SAFE issued the Notice on Further Promoting Cross-Border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) on October 23, 2019, and revised it on December 4, 2023. It lifted the restrictions on non-investment foreign-invested enterprises using their capital for domestic equity investment. These enterprises can now use their capital for domestic equity investment as long as it complies with the Negative List and the projects are genuine and compliant.

On April 10, 2020, the SAFE released the Notice on Optimizing Foreign Exchange Management to Support Foreign-Related 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》). Qualified enterprises no longer need to provide proof materials for each transaction when using capital, foreign debt, and funds from overseas listings for domestic payments. However, the funds must be genuine, compliant, and in line with current regulations.

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The Notice of the State Administration of Foreign Exchange on Further Promoting the Reform of Foreign Exchange Management and Improving the Review of Authenticity and Compliance (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》), promulgated by the SAFE on January 26, 2017, and effective on the same day, stipulates several capital control measures for profit remittances from domestic institutions to overseas entities. Specifically, when banks handle profit remittance transactions exceeding USD 50,000 (excluding) for domestic institutions, they shall review the board of directors' profit distribution resolution, the original tax filing form, and the audited financial statements in accordance with the principle of real transactions, and endorse the amount and date of the remittance on the original tax filing form. Domestic institutions must first legally offset any previous years' losses before remitting profits. Additionally, when domestic institutions handle registration and fund remittance procedures for overseas direct investment, in addition to providing the required review materials as stipulated, they must also explain to the banks the source of investment funds and the intended use (or plan) of the funds, and provide board resolutions, contracts, or other authenticity supporting documents.

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014 and implemented on the same day, the SAFE and its branches shall implement supervision, administration and inspection of business registration, account opening and usage, cross-border receipts and payments, fund remittance etc. involved in overseas listing of domestic companies. A domestic company shall complete registration formalities for overseas listing with the foreign exchange administration at its domicile of registration within 15 working days from completion of issuance for its overseas listing. Proceeds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of proceeds shall be consistent with the relevant contents set out in the prospectus or disclosure documents.

Pursuant to the Notice of the PBOC on Further Improving Policies of Cross-Border RMB Business to Promote Trade and Investment Facilitation (《中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》) issued and implemented by the PBOC on January 5, 2018, for the investment income such as profits and dividends legally obtained by overseas investors in China, banks shall review relevant materials as required before processing cross-border RMB settlement and ensure free remittance of profits of foreign investors in accordance with the law. Domestic enterprises that issue RMB bonds abroad may, upon completing relevant formalities in accordance with macro-prudential regulations on comprehensive cross-border financing, remit the proceeds raised overseas to China for their use as actually needed. The RMB proceeds raised by domestic enterprises by issuing shares overseas may be remitted to China for use in light of their actual needs.

4. Regulations relating to Taxation

On May 21, 2022, the STA issued the Guidance on Tax and Fee Preferential Policies for Software and IC Enterprises (《軟件企業和集成電路企業稅費優惠政策指引》). To facilitate timely understanding of the applicable tax preferential policies, the guidance clarifies the preferential content, conditions for enjoyment, and policy basis for IC enterprises.

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(i) EIT

Pursuant to the EIT Law promulgated by the NPC on March 16, 2007, last amended on December 29, 2018 and implemented on the same date, and the Implementing Regulations of 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實施條例》), promulgated by the State Council on December 6, 2007, latest revised on December 6, 2024, and effective on January 20, 2025, a resident enterprise, which shall mean an enterprise lawfully incorporated in China, or an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) but where actual management functions are conducted in China, is a taxpayer of EIT and shall pay EIT in accordance with the provisions of the EIT Law. The EIT shall be at the rate of 25% for a resident enterprise. The State grants enterprise income tax incentives to key industries and projects supported and encouraged by the State. As a company incorporated in China, the Company is a residential enterprise and subject to the EIT Law.

Pursuant to the EIT law Announcement of the SAT on Issues Relating to Implementation of Income Tax Incentives for High-tech Enterprises (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》), Administrative Measures on Accreditation of High-tech Enterprises (《高新技術企業認定管理辦法》) and the Guidelines for the Administration of the Identification of High & New Technology Enterprises (《高新技術企業認定管理工作指引》), the relevant laws and regulations on enterprise income tax allow qualified high-tech enterprises to enjoy an enterprise income tax rate of 15% after reduction.

According to the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of IC Industry and Software Industry Issued by the MOF, the STA, the NDRC, and the MIIT (《財政部、國家稅務總局、國家發展改革委、工業和信息化部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》) jointly promulgated by the MOF, the STA and the MIIT on December 11, 2020, and implemented on January 1, 2020, key IC design enterprises and software enterprises encouraged by the State will be exempted from EIT from the first to the fifth year from the profit-making year and will be subject to EIT at a reduced tax rate of 10% in subsequent years.

As is stipulated in the Announcement on Income Tax Policies for IC Design and Software Enterprises Issued by the MOF and the STA (《財政部、稅務總局關於集成電路設計和軟件產業企業所得稅政策的公告》) jointly released by MOF and the STA on May 17, 2019 and implemented on the same day, IC design enterprises and software enterprises established pursuant to the law and satisfying the criteria shall enjoy an incentive period with effect from their profit-making year(s) prior to December 31, 2018, and be exempted from enterprise income tax for the first year to the second year, and pay enterprise income tax based on 50% off the statutory 25% tax rate from the third year to the fifth year, until the incentive period expires.

(ii) VAT

Pursuant to the Provisional Regulations of the People's Republic of China on VAT (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, last amended on November 19, 2017 and implemented on the same date, and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on VAT (《中華人民共和國增值稅暫行條例實施細則》), promulgated by the MOF on December 15, 1993, last revised on October 28, 2011, and effective from November 1, 2011, organizations and individuals engaging in sale of goods or processing, repair and assembly services, sale of services, intangible assets, immovables and importation of goods in the People's Republic of China shall be taxpayers of VAT, and shall pay VAT

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pursuant to this Regulation. (i) The tax rate for taxpayers engaging in sale of goods, services, lease of tangible movables or importation of goods shall be 17%, unless otherwise stipulated in item (ii), item (iv) and item (v) of this Article; (ii) the tax rate for taxpayers engaging in sale of transportation, postal, basic telecommunications, construction, lease of immovables, sale of immovable, transfer of land use rights, sale or importation of the following goods shall be 11%; (iii) the tax rate for taxpayers engaging in sale of services and intangible assets shall be 6%, unless otherwise stipulated in item (i), item (ii) and item (v) of this Article; (iv) the tax rate for taxpayers engaging in exportation of goods shall be zero, unless otherwise stipulated by the State Council; (v) the tax rate for organizations and individuals in China engaging in cross-border sale of services and intangible assets within the scope stipulated by the State Council shall be zero.

According to the Notice of the Ministry of Finance and the SAT on the Adjustment to VAT Rates (《財政部、國家稅務總局關於調整增值稅稅率的通知》) jointly promulgated by the MOF and the STA on April 4, 2018, and implemented on May 1, 2018, the relevant policies for adjusting VAT rates are hereby notified as follows: (i) the deduction rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively; (ii) the deduction rate of 11% originally applicable to the taxpayers who purchase agricultural products is adjusted to 10%; (iii) when taxpayers purchase agricultural products for production, sales, or consignment processing, to which the tax rate of 16% is applicable, the input tax amount shall be calculated at the deduction rate of 12%; (iv) for the export goods to which a tax rate of 17% was originally applicable and the export rebate rate was 17%, the export rebate rate is adjusted to 16%. For the export goods and cross-border taxable activities to which a tax rate of 11% was originally applicable and the export rebate rate was 11%, the export rebate rate is adjusted to 10%; (v) for the goods or cross-border taxable activities specified in (iv) hereof that are exported or sold by foreign trade enterprises before July 31, 2018, if VAT has been levied at the rate not adjusted at the time of purchase, the export rebate rate not adjusted shall be applicable; if the VAT has been levied at the adjusted tax rate at the time of purchase, the adjusted export tax rebate rate shall be applicable. To the goods or cross-border taxable activities specified in (iv) hereof that are exported or sold by production enterprises before July 31, 2018, the export rebate rate not adjusted shall be applicable.

Pursuant to the Announcement on Policies for Deepening the VAT Reform Issued by the MOF, the STA and the GAC (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) jointly promulgated by the MOF, the STA and the GAC on March 20, 2019, and implemented on April 1, 2019, (i) for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively; (ii) for the agricultural products purchased by taxpayers to which an existing 10% deduction rate is applicable, the deduction rate is adjusted to 9%; and for the agricultural products purchased by taxpayers for production or commissioned processing, which are subject to VAT at 13%, the input VAT will be calculated at a 10% deduction rate; (iii) for the exportation of goods or labor services that are subject to VAT at 16%, with the applicable export refund at the same rate, the export refund rate is adjusted to 13%; and for the exportation of goods or cross-border taxable activities that are subject to VAT at 10%, with the export refund at the same rate, the export refund rate is adjusted to 9%.

On April 20, 2023, the MOF and the STA promulgated the Notice on the Value-Added Tax Super Deduction Policy for IC Enterprises Issued by the MOF and the STA (《財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知》). From January 1, 2023, to December 31, 2027, enterprises engaged in IC design, production, packaging and testing, equipment, and materials are permitted to super deduct 15% of the deductible input VAT from the payable VAT amount.

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(iii) Withholding tax on dividends

Pursuant to 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 (《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》), if a Hong Kong enterprise directly holds at least 25% of the equity in a Chinese enterprise, the withholding tax rate on dividends paid by the Chinese enterprise to the Hong Kong enterprise is reduced from the standard rate of 10% to 5%.

However, according to the Notice of the SAT on Issues Concerning the Implementation of the Dividend Clause in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》), issued by the SAT on February 20, 2009, if the relevant Chinese tax authorities determine at their discretion that a company has benefited from a reduced income tax rate primarily due to tax-motivated structures or arrangements, the relevant Chinese tax authorities may adjust the preferential tax treatment. The Announcement of the SAT on Issues Concerning the “Beneficial Owner” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), issued by the SAT on February 3, 2018, and effective from April 1, 2018, outlines factors that support or hinder the determination of whether an applicant qualifies as a “beneficial owner.” Applicants who are not recognized as beneficial owners will not be eligible for the preferential income tax rate of 5% stipulated in the Avoidance of Double Taxation Arrangement.

5. Regulations relating to Environmental Protection

According to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) promulgated by the Standing Committee of the NPC on December 26, 1989, revised on April 24, 2014, and implemented on January 1, 2015, pollutant-discharging enterprises, institutions and other manufacturing operators shall pay sewage fee pursuant to the relevant provisions of the State and the sewage fees shall be used entirely for prevention and treatment of environmental pollution. The State shall implement a pollutant discharge permit administration system. Enterprises, institutions and other manufacturing operators subject to pollutant discharge permit administration shall discharge pollutants pursuant to the requirements of the pollutant discharge permit; discharge of pollutants shall not be allowed without a pollutant discharge permit.

On October 28, 2002, the Standing Committee of the NPC promulgated the Law of the People’s Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》), which was last revised on December 29, 2018. The State Council shall implement classified management of environmental impact assessments for construction projects based on the degree of environmental impact of the projects. If a construction unit commences construction without lawfully obtaining approval for the environmental impact assessment report or form, or without reapplying for such approval, the competent ecological environment authorities at or above the county level shall order the cessation of construction. Depending on the severity of the violation and its consequences, a fine ranging from 1% to 5% of the total investment of the construction project may be imposed, and the unit may be ordered to restore the site to its original condition. Administrative sanctions shall be imposed on the persons in charge of the construction project and other responsible persons in accordance with the law.

Pursuant to the Interim Measures for the Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), which came into effect on November 20, 2017, and the Regulations on Environmental Protection Administration of Construction

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Projects (《建設項目環境保護管理條例》), revised on July 16, 2017, and effective from October 1, 2017, after the completion of construction projects that require the preparation of an environmental impact assessment report or form, the construction unit shall conduct an environmental protection completion acceptance and prepare an acceptance report in accordance with the standards and procedures set by the environmental protection administrative authorities. Construction projects that require the preparation of an environmental impact assessment report or form may only be put into production or use after passing the environmental protection completion acceptance.

Pursuant to the Regulations on the Administration of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021 and implemented on March 1, 2021, and the Measures for the Administration of Pollutant Discharge Permits (《排污許可管理辦法》), promulgated on April 1, 2024, and implemented on July 1, 2024, enterprises, public institutions and other producers and business operators that are subject to pollutant discharge permit administration in accordance with laws shall apply for and obtain a pollutant discharge permit. The entities that fail to obtain a pollutant discharge permit shall not discharge any pollutants. Classified management of pollutant discharge permits shall be implemented for pollutant discharging entities based on the factors such as the amount of pollutants produced and discharged, extent of impact on the environment, etc.: (i) key management of pollutant discharge permits shall be implemented for pollutant discharging entities that produce or discharge a relatively large amount of pollutants or have a relatively significant impact on the environment; and (ii) simplified management of pollutant discharge permits shall be implemented for pollutant discharging entities that produce and discharge a relatively small amount of pollutants or have a relatively little impact on the environment.

Enterprises and other business operators listed in the Catalog of Categorized Management for Pollutant Discharge Permits of Fixed Pollution Sources (《固定污染源排污許可分類管理名錄》) shall apply for and obtain a pollutant discharge permit within the prescribed time limit. Those who have not obtained a pollutant discharge permit are not allowed to discharge pollutants. According to the Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), promulgated by the State Council in 2013, and the Measures for the Administration of Permits for Discharging Sewage into Urban Drainage Networks (《城鎮污水排入排水管網許可管理辦法》), promulgated by the Ministry of Housing and Urban-Rural Development in 2015 and latest revised and effective from February 1, 2023, enterprises, institutions, and individual businesses engaged in industrial, construction, catering, medical services, and other activities shall apply to the urban drainage authorities for a permit to discharge sewage into the urban drainage network (pollutant discharge permit) before discharging sewage into urban drainage facilities. Those who discharge sewage into urban drainage facilities without obtaining a pollutant discharge permit will be ordered by the relevant urban drainage authorities to cease illegal activities, take corrective measures within a specified period, reapply for a pollutant discharge permit, and may be subject to a fine of up to RMB 500,000.

6. Regulations relating to Labor Protection

The Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was promulgated by the Standing Committee of the NPC on July 5, 1994 and most recently revised and implemented on December 29, 2018, is one of the major laws regulating the labor relationship between Chinese enterprises and its employees. As is stipulated by the law, a worker shall enjoy the right to equal employment and to choose an occupation, the right to obtain labor remuneration, the right to rest and have holidays, the right to receive labor safety and hygiene protection, the right to receive vocational training, the right to enjoy social security and welfare, the right to request settlement of

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labor disputes and other labor rights stipulated by the law. An employer shall establish and improve its rules and regulations in accordance with the law in order to ensure that its workers enjoy labor rights and perform labor obligations. A worker shall, in accordance with the provisions of law, participate in democratic management through a workers' congress, workers' representative assembly or other forms, or carry out consultation on the basis of equality with his/her employer concerning the protection of legitimate rights and interests of workers.

Pursuant to the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was promulgated by the Standing Committee of the NPC and most recently revised on December 28, 2012 and implemented on July 1, 2013, and the Implementation Regulations of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法實施條例》), promulgated by the State Council on September 18, 2008, and implemented on the same date, the laws shall apply to establishment of labor relationships between enterprises, individual economic organizations, private non-enterprise entities, etc. in the People's Republic of China and their workers and the conclusion, performance, variation, rescission or termination of labor contracts. Employers shall establish and improve upon labor rules and system pursuant to the law to ensure workers' entitlement to labor rights and performance of labor obligations. A written labor contract shall be concluded for the establishment of a labor relationship. Where a written labor contract is not concluded simultaneously with the establishment of a labor relationship, a written labor contract shall be concluded within one month from the date of commencement of work. Where the term of a labor contract is more than three months but less than one year, the probationary period shall not exceed one month; where the term of a labor contract is more than one year but less than three years, the probationary period shall not exceed two months; for fixed-term contracts of three years and above and non-fixed-term labor contracts, the probationary period shall not exceed six months. Where an employer defaults on payment or fails to promptly pay labor remuneration in full amount, a worker may apply to a People's Court for an order for payment and the People's Court shall issue an order for payment pursuant to the law.

7. Regulations relating to Social Security and Housing Provident Fund

Pursuant to the Social Security Law of the People's Republic of China (《中華人民共和國社會保險法》) promulgated by the Standing Committee of the NPC on October 28, 2010, which was last amended on December 29, 2018, and came into effect on the same date, and the Interim Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費征繳暫行條例》), promulgated by the State Council on January 22, 1999, and last revised on March 24, 2019, the State shall establish social security systems including basic pension insurance, basic medical insurance, work injury insurance, unemployment insurance, maternity insurance. The work injury insurance and maternity insurance shall be paid by employers, while the basic pension, basic medical insurance and unemployment insurance shall be paid jointly by employers and employees.

In accordance with the Regulations on the Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and mostly revised and implemented on March 24, 2019, an employer shall make registration of contribution to the housing provident fund with the housing provident fund management center, and go through the formalities of opening housing provident fund accounts on behalf of its employees. When employing a new employee, the employer shall make registration of contribution with the housing provident fund management center within 30 days from the date of the employment, and shall go through the formalities of opening or transferring

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housing provident fund accounts on behalf of the employee. The housing provident fund contributed both by employees and that by the employers shall be owned by the employees.

8. Regulations relating to Real Estate

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》), promulgated by the NPC on May 28, 2020, and effective from January 1, 2021, the establishment, alteration, transfer, and extinguishment of real property rights shall be registered in accordance with the provisions of the law. The establishment and transfer of movable property rights shall be delivered in accordance with the provisions of the law. The owner of real or movable property shall, in accordance with the law, enjoy the rights to possess, use, derive income from, and dispose of such property.

Pursuant to the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) promulgated by the Standing Committee of the NPC on June 25, 1986, latest revised on August 26, 2019 and implemented on January 1, 2020, and the Implementation Regulations of the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法實施條例》), promulgated by the State Council on December 27, 1998, latest revised on July 2, 2021, and effective from September 1, 2021, the State implements socialist public ownership of land, i.e. ownership by the whole people and collective ownership of the working class. Ownership by the whole people means that the ownership of all land in the State is exercised by the State Council on behalf of the State. Downtown area land in cities shall belong to the State. Land use rights may be transferred pursuant to the law. The State implements a State land compensated use system pursuant to the law, except for allocation of State-owned land use rights by the State within the scope stipulated by the law. Developers using State-owned land shall obtain the land via compensated use method such as assignment. Developers which obtain State-owned land use rights via compensated use method such as assignment shall pay land compensated use fee such as land use rights assignment fee and other expenses pursuant to the standards and methods stipulated by the State Council before using the land.

According to the Law of the People's Republic of China on Administration of Urban Real Estate (《中華人民共和國城市房地產管理法》) promulgated by the Standing Committee of the NPC on July 5, 1994, latest revised on August 26, 2019 and implemented on January 1, 2020, the State shall implement a system for compensated use of State-owned land within a fixed term. Land users shall pay land use right assignment fee pursuant to the provisions of the assignment contract; where a land user fails to pay land use right assignment fee pursuant to the provisions of the assignment contract, the land administration authorities shall have the right to rescind the contract and may demand default compensation. In the event of a transfer or mortgage of real estate, the ownership of the building and the land use right of the land occupied by the building shall be transferred or mortgaged simultaneously. In the event of transfer or mortgage of a real estate item, the parties concerned shall complete ownership registration. Where the land use right is obtained by way of assignment or allocation, registration formalities shall be completed with the land administration authorities of a People's Government of county level and above; upon verification by the land administration authority of the People's Government of county level and above, a land use right certificate shall be issued by the People's Government at the same level. Where a building is built on real estate development land which was obtained pursuant to the law, the land use right certificate shall be presented for completion of registration formalities with the real estate administration authorities of a People's Government of county level and above; the real estate administration authorities of the People's Government of county level and above shall issue a building ownership certificate upon verification. In the event of a transfer

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of or change in real estate, registration change formalities shall be completed with the real estate administration authorities of a People's Government of county level and above, and the amended building ownership certificate shall be presented to the land administration authorities of the People's Government for completion of land use right registration change formalities; upon verification by the land administration authorities of the People's Government, the People's Government shall re-issue or amend the land use right certificate.

As is stipulated in the Provisional Regulations of the People's Republic of China concerning the Grant and Assignment of the Right to Use State Land in Urban Areas (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) released by the State Council on May 19, 1990 and latest revised on November 29, 2020 and implemented on the same date, the maximum terms of grants of the right to use land shall be determined in light of the land's purpose, as follows: (i) 70 years in the case of land for residential purposes; (ii) 50 years in the case of land for industrial purposes; (iii) 50 years in the case of land for educational, scientific, technological, cultural, public health or sports purposes; (iv) 40 years in the case of land for commercial, tourism or recreational purposes; (v) 50 years in the case of land for comprehensive use or other purposes.

Pursuant to the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》), promulgated by the Standing Committee of the NPC on October 28, 2007, and last revised and effective on April 23, 2019, any construction of buildings, structures, roads, pipelines, and other engineering projects within the planning areas of cities and towns shall be subject to the approval of a construction project planning permit by the urban and rural planning authorities of the city or county people's government, or by the town people's government designated by the people's government of a province, autonomous region, or municipality directly under the Central Government.

Pursuant to the Building Law of the People's Republic of China (《中華人民共和國建築法》), promulgated by the Standing Committee of the NPC on November 1, 1997, and last amended and effective on April 23, 2019, before the commencement of any construction project, the construction unit shall apply to the construction administrative department of the people's government at or above the county level where the project is located for a construction permit in accordance with relevant national regulations. However, small-scale projects below the limit determined by the construction administrative department of the State Council are exempted. A construction project may only be delivered for use after it has been inspected and found to be qualified upon completion. Projects that have not been inspected or have failed the inspection shall not be delivered for use.

Pursuant to the Measures for the Administration of Commodity House Leasing (《商品房屋租賃管理辦法》), promulgated by the Ministry of Housing and Urban- Rural Development on December 1, 2010, and effective from February 1, 2011, the landlord and tenant shall, within 30 days after the signing of the house lease contract, go to the construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county where the leased house is located to handle the registration and filing of the house lease. Individuals or entities that violate the aforementioned provisions shall be ordered by the construction (real estate) department of the people's government of the municipality directly under the Central Government, city, or county to make corrections within a specified period. If an individual fails to correct the violation within the time limit, a fine of up to RMB 1,000 shall be imposed; if an entity fails to correct the violation within the time limit, a fine ranging from RMB 1,000 to RMB 10,000 shall be imposed.

9. Regulations relating to Overseas Securities Issuance and Listing by Domestic Enterprises

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) was promulgated by the Standing Committee of the NPC on December 29, 1998, and was last revised on December 28, 2019, coming into effect on March 1, 2020. It comprehensively regulates activities in the securities market of Chinese Mainland, including the issuance and trading of securities, listed companies, securities exchanges, securities firms, acquisitions, and the responsibilities of securities regulatory authorities. The Securities Law further stipulates that domestic enterprises issuing securities overseas or listing their securities on overseas markets must comply with relevant regulations of the State Council. For stocks of domestic companies that are subscribed and traded in foreign currencies, specific measures shall be separately stipulated by the State Council. The China Securities Regulatory Commission (CSRC) is the securities regulatory body established by the State Council, responsible for the lawful supervision and management of the securities market, maintaining market order, and ensuring the legal operation of the market. At present, the issuance and trading of H-shares by domestic enterprises are mainly regulated by regulations and rules promulgated by the State Council and the CSRC.

In accordance with the Interim Measures for the Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) and related guidance, promulgated by the CSRC on February 17, 2023, and effective from March 31, 2023, domestic enterprises seeking to issue securities and list on overseas markets shall handle the filing procedures with the CSRC as required by the Interim Measures. For the initial public offering of shares or listing on overseas markets, enterprises shall file with the CSRC within three working days after submitting the relevant overseas applications.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Management of Domestic Enterprises' Overseas Securities Issuance and Listing (《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》), jointly issued by the CSRC and other relevant departments on February 24, 2023, and effective from March 31, 2023, domestic enterprises and securities companies and securities service institutions providing corresponding services in the activities of overseas securities issuance and listing by domestic enterprises shall strictly comply with the requirements, enhance their legal awareness of keeping state secrets and strengthening archives management, and establish and improve systems for confidentiality and archives work. Necessary measures shall be taken to implement the responsibilities for confidentiality and archives management, and no state secrets or work secrets of state organs shall be disclosed, nor shall any actions be taken that may harm national interests or public interests. If a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listing entity, any documents or materials involving state secrets or work secrets of state organs to securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, it shall obtain approval from the competent authorities with approval power in accordance with the law and file with the confidentiality administrative department at the same level. If a domestic enterprise provides or publicly discloses, or provides or publicly discloses through its overseas listing entity, other documents or materials whose disclosure may have an adverse impact on national security or public interests to securities companies, securities service institutions, overseas regulatory authorities, or other entities or individuals, it shall strictly follow the relevant procedures in accordance with national regulations.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by the Ministry of Commerce on September 6, 2014, and effective from October 6,

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2014, the Ministry of Commerce and the provincial-level commerce authorities shall implement a filing or approval management system for overseas investment by enterprises, depending on the specific circumstances of the investment. Overseas investments involving any sensitive countries or regions, or any sensitive industries, shall be subject to approval management. Other circumstances of overseas investment shall be subject to filing management.

Pursuant to the Measures for the Administration of Overseas Investment by Enterprises (《企業境外投資管理辦法》), promulgated by the NDRC on December 26, 2017, and effective from March 1, 2018, enterprises within China (“**Investment Entities**”) conducting overseas investments shall fulfill procedures for approval or filing of overseas investment projects (“**Projects**”), report relevant information, and cooperate with supervision and inspection. The scope of approval management includes sensitive projects directly conducted by the Investment Entity or through its controlled overseas enterprises. The scope of filing management includes non-sensitive projects directly conducted by the Investment Entity, that is, projects involving direct investment of assets, rights and interests, or provision of financing or guarantees by the Investment Entity. The aforementioned “sensitive projects” refer to projects involving sensitive countries or regions and sensitive industries. The NDRC promulgated the Catalog of Sensitive Industries for Overseas Investment (2018 Edition) (《境外投資敏感行業目錄 (2018年版)》), effective from March 1, 2018, which details the current sensitive industries.

10. Regulations relating to Product Quality

Pursuant to the Product Quality Law of the People’s Republic of China (《中華人民共和國產品質量法》), promulgated by the Standing Committee of the NPC on February 22, 1993, and last revised on December 29, 2018, producers and sellers shall establish and improve internal product quality management systems and strictly implement quality standards, quality responsibilities, and corresponding assessment methods for each position. The law prohibits the forgery or unauthorized use of certification marks and other quality marks; it also prohibits the forgery of the place of production of products, as well as the forgery or unauthorized use of the names and addresses of other manufacturers. Additionally, it is forbidden to adulterate or fake products during production or sales, or to pass off inferior products as genuine or high-quality ones. Any producer or seller who violates the Product Quality Law may (i) be subject to administrative penalties, including cessation of production or sales, orders to correct illegal activities, confiscation of illegally produced or sold products, imposition of fines, confiscation of illegal gains, and in severe cases, revocation of business licenses; and (ii) if the illegal activities constitute criminal offenses, they may face criminal liability.

11. Regulations relating to Fire Safety

Pursuant to the Fire Control Law of the People’s Republic of China (《中華人民共和國消防法》), promulgated by the Standing Committee of the NPC on April 29, 1998, and last revised on April 29, 2021, the fire protection design and construction of construction projects must comply with the national engineering construction fire protection technical standards. For construction projects that require fire protection design in accordance with national engineering construction fire protection technical standards, a fire protection design review and acceptance system for construction projects shall be implemented. Upon completion of construction projects that are required to apply for fire protection acceptance according to the provisions of the Ministry of Housing and Urban-Rural Development, the construction unit shall apply to the competent housing and urban-rural development department for fire protection acceptance. For other construction projects not specified in the preceding paragraph, the

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construction unit shall file with the competent housing and urban-rural development department after acceptance, and the housing and urban-rural development department shall conduct random checks. Construction projects that are required to undergo fire protection acceptance by law shall not be put into use unless they have passed the fire protection acceptance. Other construction projects that fail the random inspection shall be stopped from use.

According to the Interim Provisions on the Management of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》), promulgated on April 1, 2020, and revised on August 21, 2023, the review system for fire protection design and acceptance only applies to special construction projects, while other projects are subject to a filing and random inspection system.

Pursuant to the Interim Measures for the Administration of Fire Safety of Leased Factories and Warehouses (《租賃廠房和倉庫消防安全管理辦法(試行)》), promulgated by the National Fire Rescue Administration on July 14, 2023, and effective on the same day, the lessors, lessees, and property service companies of leased factories and warehouses shall fulfill relevant fire safety responsibilities and strengthen fire safety management. In addition, leased factories and warehouses shall comply with fire safety requirements and shall not change the use nature and function of the factories and warehouses in violation of regulations.

12. Regulations relating to Equity Incentive Plan

Pursuant to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Administration of Foreign Exchange in Connection with Participation in Equity Incentive Plans of Overseas-listed Companies by Individuals within the Territory of China (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), issued on February 15, 2012, and other relevant regulations, directors, supervisors, senior management personnel, and other employees who are Chinese citizens or non-Chinese citizens residing in China for no less than one year and participate in equity incentive plans of overseas-listed companies must, except for a few exceptions, register with the SAFE through a domestic agent. In addition, it is mandatory to engage an overseas trustee to handle the exercise or sale of equity and the purchase or sale of shares and related rights and interests. Foreign exchange income obtained by Chinese residents from the sale of shares under the equity incentive plan and dividends distributed by the overseas-listed company shall be remitted to a bank account opened by a domestic institution in China and then distributed to Chinese residents.

13. Regulations relating to Imports and Exports Trade

Pursuant to the Customs Law of the People's Republic of China (《中華人民共和國海關法》), promulgated by the Standing Committee of the NPC on January 22, 1987, and last revised and effective on April 29, 2021, the customs declaration of import and export goods may be conducted by the consignee or consignor or by an entrusted customs declaration enterprise, unless otherwise stipulated. The consignee of imported goods and the consignor of exported goods shall make truthful declarations and submit the import and export licenses and relevant documents to the customs authorities for review.

Pursuant to the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), promulgated by the Standing Committee of the NPC on May 12, 1994, and last revised on December 30, 2022, and the Regulations of the People's Republic of China on the Administration of

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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 of the People's Republic of China on December 10, 2001, effective from January 1, 2002, and last revised on March 10, 2024, the State Council of the People's Republic of China permits the free import and export of goods, except for those explicitly prohibited or restricted by law or administrative regulations, to maintain a fair, free, and orderly import and export trade order.

The Provisions on the Recordal Administration of Customs Declaration Entities of the People's Republic of China (《中華人民共和國海關報關單位備案管理規定》) were promulgated by the GAC on November 19, 2021, and effective from January 1, 2022. Under these provisions, consignees, consignors, or customs declaration enterprises of imported or exported goods are only required to apply for recordal with the customs authorities, rather than registration with the GAC. The recordal information will be made public through the "China Customs Enterprise Import and Export Credit Information Publicity Platform."

Pursuant to the Notice of the Enterprise Management and Inspection Department of the People's Republic of China on Matters Relating to the Recordal of Consignees and Consignors of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》), promulgated by the GAC on January 3, 2023, the requirement for foreign trade operators engaged in the import and export of goods or technologies to register with the competent foreign trade department of the State Council or its authorized institutions has been abolished.

U.S. GOVERNMENT REGULATIONS

1. U.S. Trade and Economic Sanctions

The United States Department of Treasury's Office of Foreign Assets Control ("OFAC") administers trade and economic sanctions, which generally include prohibitions on all trade (imports or exports), investment, provision or receipt of services, and any other activity or transaction between "U.S. persons" and any sanctioned country or sanctions target. In general, the scope of sanctions may reach one of a number of tiers based on factors including the foreign country or countries involved in a transaction and the types of services provided.

First, OFAC prohibits all activities described above involving entire countries, regions, or territories under comprehensive sanctions or "embargoes". The regulations also frequently provide for the "blocking" (or "**freezing**") of all property (whether tangible or intangible) of a targeted country or person and persons acting on behalf of the government of the target country. Currently, comprehensive embargoes are in place against Cuba, Iran, North Korea, Syria (until May 23, 2025), and the Crimea, Donetsk People's Republic ("**DNR**"), and Luhansk People's Republic ("**LNR**") Regions of Ukraine.

Second, persons may be prohibited from providing certain specified services to certain entities. These controls currently apply, for example, to Russia, which is not comprehensively sanctioned, and OFAC has instead specified certain transactions and services that are prohibited.

Third, many sanctions programs prohibit activities involving certain individuals and entities enumerated on one or more restricted party lists maintained by the U.S. government, such as persons included on the Specially Designated Nationals and Blocked Persons List (the "**SDN**" List), which includes persons determined to be engaged in activities contrary to U.S. national security (*e.g.*, global narcotics trafficking, global terrorism, and significant human rights violations). These prohibited persons may be located anywhere in the world.

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Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

“Primary” U.S. sanctions apply to “U.S. persons” or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency or activities involving U.S.-origin goods, software, technology or services even if performed by non-U.S. persons), and “secondary” U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, the definition of U.S. persons includes any United States citizen, permanent resident alien, entity organized under the laws of the United States or any jurisdiction within the United States (including foreign branches), or any person in the United States. Foreign entities that are majority owned or controlled by U.S. companies are, in some cases, subject to OFAC restrictions as well.

2. U.S. Export Control Regulations

The Export Administration Regulations (the “**EAR**”), administered by the U.S. Department of Commerce, Bureau of Industry and Security (“**BIS**”), govern the export and re-export of items “subject to the EAR.” An item is subject to the EAR if it falls into any of the following four categories: (1) it is exported from United States; (2) it is produced or manufactured in the United States; (3) it is the foreign direct product of certain U.S.-origin technology or software (known as the Foreign Direct Product Rule “**FDPR**”) or a plant containing items that are the direct product of this technology or software; and/or (4) the foreign-origin item incorporates more than a *de minimis* amount of controlled U.S.-controlled parts, materials and/or components (known as the “*de minimis* rule”). The specific controls that apply depend on the classification of the product, the countries and parties involved in the transaction, and the end-use. The EAR also control releases, or transfers, of source code or technology to a foreign national physically located within the United States (a “**deemed export**”).

BIS maintains the Entity List which is a compilation of foreign individuals, companies, and organizations that are considered a national security concern by the U.S. government. Individuals and entities included on the Entity List are subject to specific export and re-export restrictions, and licensing requirements for certain technologies and goods. BIS also maintains other lists of restricted parties including the Denied Persons List (“**DPL**”) and the Unverified List.

BIS also prohibits engaging in transactions where the seller knows or has reason to know that the products to be transferred (or re-transferred or re-exported) are destined for a prohibited end-user or end-use.

3. The Foreign Corrupt Practices Act

We are subject to the U.S. Foreign Corrupt Practices Act of 1977 (the “**FCPA**”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201 and other anti-bribery and anti-corruption laws in the United States. These laws are interpreted broadly to generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions.

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4. Tariffs and the Importation of Goods into the United States

The importation of goods into the customs territory of the United States is governed principally by the Tariff Act of 1930, as amended, the Customs Modernization Act, and the regulations of U.S. Customs and Border Protection (“**CBP**”). Under these laws and regulations, U.S. importers have primary legal responsibility for initially valuing, classifying, and determining the rate of duty applicable to imported merchandise. The importer is required to exercise “reasonable care” in entering merchandise into the United States. This includes when providing to CBP information and documentation necessary for it to assess duties on imported merchandise, collect accurate import statistics, and determine whether an import complies with applicable laws.

The United States imposes a variety of tariffs on imported goods. The applicable tariff rate is determined based on factors including the type of product, its value, and the origin of the goods. Tariffs on goods imported into the United States have continued to increase since February 2025.

5. Intellectual Property Law

The United States has federal and state laws that govern intellectual property rights (“**IPRs**”). Copyrights and patents are governed by federal law; trademarks, service marks, and trade secrets are governed by both federal and state law.

A patent is a government grant providing the patent owner with the right to exclude others from using, manufacturing, offering to sell, selling, and/or importing a claimed invention or practicing a claimed method. A patent is obtained by filing an application with the U.S. Patent and Trademark Office (the “**USPTO**”) claiming a useful, novel and non-obvious invention. The application must comply with various requirements set out in the Patent Act (codified at 35 U.S.C. §1 et seq.) and regulations established by the USPTO, which is an agency within the U.S. Department of Commerce. A patent grant typically lasts for 20 years from the filing date of the patent application.

A copyright grants exclusive rights to creators over their original works of art, which may include classic artistic works such as literature, music, film, and paintings as well as modern “digital” works of art such as software, source code, or graphics. U.S. federal copyright law is codified at 17 U.S.C. §1 et seq. A copyright typically lasts for the creator’s lifetime plus 70 years. Copyright aims to protect the expression of ideas from unauthorized reproduction, distribution, performance, or adaptation, while balancing public access through exception like fair use or fair dealing. These exceptions allow limited use for purposes such as criticism, education, or parody without permission. Copyright arises automatically upon creation of a qualifying work, although registration with the U.S. Copyright Office (an extension of the Library of Congress) can enhance legal protections.

A “mark” is any one or more words, logos or other symbols used to identify and distinguish the mark owner’s goods and/or services. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. U.S. trademarks and service marks generally must (i) be different from prior marks used for similar goods or services, so as to avoid consumer confusion; (ii) not be generic; and (iii) not be descriptive. U.S. federal trademark law is governed by the Lanham Act, codified at 15 USC. §1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Once granted, a trademark or service mark provides its owner with nationwide exclusivity within one or more particular fields of use. To obtain federal coverage, the applicant must establish that they are (or shortly intend to) use the mark in interstate commerce.

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State law is an alternative basis for trademark and service mark rights, either under specific state laws or under common law. State law may apply even where federal law does not, such as where a mark is not used in interstate commerce. Some states have registries for trademarks and service marks. The rights inherent in such marks are limited to the state where they are used.

A trade secret is information that (i) has independent economic value from being generally unknown by the public; and (ii) is the subject of reasonable efforts under the circumstances to maintain its secrecy. Trade secrets are governed by both federal and state law.

The Defend Trade Secrets Act, codified at 18 USC.§1836, et seq. (the “DTSA”), is the federal trade secret law. Enacted in 2016, the DTSA applies only to trade secrets related to products or services that are used in interstate or foreign commerce. The DTSA provides specific remedies for trade secret misappropriation, including ex parte seizure in specific and generally rare instances.

The DTSA is similar to the Uniform Trade Secret Act (the “UTSA”), a model set of laws enacted by almost all fifty states within the U.S. A trade secret owner may often have a choice in enforcing its trade secret rights under the DTSA or a relevant state’s version of the UTSA.

6. Laws in relation to Contracts

In the ordinary course of business, we frequently enter into transactions where our customers’ purchase orders contain terms and conditions that differ from the terms and conditions that we include in our quotations, sales acknowledgments, or invoices. These documents often contain materially different provisions regarding payment terms, warranties, limitations of liability, indemnification obligations, dispute resolution provisions, and other important contractual terms. This situation, commonly referred to as the “battle of the forms,” creates uncertainty about which terms govern our contractual relationships. Under the Uniform Commercial Code and applicable state laws, when parties exchange documents with conflicting terms but proceed with performance, courts may determine that certain unfavorable terms from our customers’ purchase orders or the state’s implementation of the Uniform Commercial Code become part of our contracts, even if we intended our own terms to govern. The uncertainty surrounding which terms apply may lead to disputes with customers, potentially resulting in costly litigation and damaged customer relationships. We attempt to mitigate these risks by implementing contract review procedures and seeking to obtain customer agreement to our standard terms. However, commercial realities may limit our ability to insist on our preferred terms, and we cannot guarantee that our risk mitigation efforts will be successful in all cases.

7. Laws and Regulations in relation to Labor and Employment

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Labor and employment laws can generally be categorized under the headings of (1) equal employment opportunity, (2) wage and hour, (3) medical/disability, (4) union rights, and (5) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired “at-will,” meaning that their employment can be terminated at any time, with or without notice, cause, or government mandated severance pay. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination), nor may an employee be terminated or otherwise retaliated against for engaging in protected activity under the law. In addition, employers are required to

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maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc. Employees who believe they have suffered discrimination, harassment, or other alleged wrongs may pursue claims against us through state and U.S. federal governmental agencies and the courts.

8. Laws and Regulations in relation to Tax

Federal government

The U.S. federal government can levy a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the United States, and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

State and local governments

In addition to the federal government, the 50 U.S. states and their political subdivisions play an important role in taxing and regulating business activity within their respective jurisdictions. For example, our business activities within a U.S. state may be subject to the state's business and personal income tax, payroll tax, sales tax, real and personal property tax, franchise tax, withholding obligations, and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes.

9. Laws and Regulations in relation to Registration and Regulation

Corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states. Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

10. Regulations on Outbound Investments

On August 9, 2023, the U.S. government issued an executive order, and the U.S. Department of the Treasury ("Treasury") published an advanced notice of proposed rulemaking providing a conceptual framework for U.S. outbound investment controls focused on China, including Hong Kong and Macau. To implement the executive order, on October 28, 2024, Treasury issued a final rule on the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "Final Rule"), which implements the Outbound Investment Security Program ("OISP"), which took effect on January 2, 2025.

The OISP targets investments by U.S. persons that involve persons and entities associated with "countries of concern," currently China, including Hong Kong and Macau. The OISP imposes investment prohibitions and notification requirements on "covered transactions" by U.S. persons (including U.S.-incorporated entities, U.S. citizens and permanent residents wherever located, branches of U.S. entities outside the United States, and any person in the United States) or their non-U.S. person subsidiaries in "covered foreign persons," broadly covering companies engaged in certain covered

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activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems. For example, covered activities under the Final Rule concerning semiconductors and microelectronics include electronic design automation software; certain fabrication and advanced packaging tools; and the design, fabrication, or packaging of certain advanced integrated circuits. Covered transactions related to the design, fabrication, or packaging of integrated circuits that are not otherwise covered by the Final Rule's prohibited transaction definition are subject to its notification requirement.

A "covered transaction" includes certain purchases of equity interests and contingent equity interests, debt financing, joint ventures, and investments as a limited partner in a pooled investment fund, involving covered foreign persons. A "covered foreign person" includes (i) a person of a country of concern that engages in a covered activity, and (ii) a person that directly or indirectly holds relevant interests (including a board seat, a voting or equity interest, or contractual power to direct or cause the direction of the management or policies) in persons of a country of concern engaged in covered activities that contributed, individually or in the aggregate, at least 50% of its consolidated revenue, net income, capital expenditures or operation expenses for the most recent year. As advised by Cleary Gottlieb Steen & Hamilton (Hong Kong), the Global Offering's legal advisor as to the U.S. Final Rules, we are likely to be deemed a "Covered Foreign Person" engaged in the design and packaging of semiconductors specified in the OISP. Specifically, we are engaged in the design and packaging of integrated circuits that are covered by the definition of "notifiable transaction" but not covered by the definition of "prohibited transaction" (each as defined in the Final Rule). However, as discussed below, U.S. persons (as defined in the Final Rule) may be able to rely on the exception for publicly traded securities (the "Publicly Traded Securities Exception") for their purchases of our H Shares in the Global Offering.

The Final Rule requires U.S. persons that are the parents of non-U.S. person entities to "take all reasonable steps to prohibit and prevent any transaction by" their non-U.S. entities that would be a prohibited transaction if engaged in by a U.S. person. The OISP's notification requirements also apply to U.S. persons that are the parents of non-U.S. person entities that enter into transactions that would be notifiable transactions if entered into by a U.S. person. In addition, the Final Rule prohibits U.S. persons from knowingly directing a non-U.S. person to enter into a transaction that would be prohibited if entered into by a U.S. person.

The Final Rule includes certain exceptions, which, if applicable, exclude from the OISP's prohibitions and notification requirements a transaction that would otherwise be either prohibited transactions or notifiable transactions if engaged in by a U.S. person. These exceptions include the Publicly Traded Securities Exception, which is applicable to certain U.S. person investments in publicly traded securities that are traded on a national stock exchange or the over-the-counter markets, provided that such U.S. persons are not afforded rights beyond standard minority shareholder protections with respect to the issuer. Following completion of the Global Offering, our H Shares will be listed and authorized to be publicly traded on the Stock Exchange and therefore would be considered "publicly traded securities" under the Final Rule, as would our A Shares traded on the Shanghai Stock Exchange and our GDRs listing on the SIX Swiss Stock Exchange. This means that a purchase of such "publicly traded securities" by a U.S. person or its non-U.S. person subsidiaries after the completion of the Global Offering or our other publicly traded securities would be eligible for the Publicly Traded Securities Exception, provided that such U.S. person or its non-U.S. person subsidiaries are not afforded rights beyond standard minority shareholder protections with respect to our Company.

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U.S. persons may be able to rely on the Publicly Traded Securities Exception for their purchases of our H Shares in the Global Offering. On December 23, 2025, the Treasury issued new guidance regarding compliance with the Final Rule in the form of frequently asked questions in respect of the OISP (the “Treasury FAQ,” available at <https://home.treasury.gov/policy-issues/international/outbound-investment-program/frequently-asked-questions>). This new guidance included questions on the scope of the Publicly Traded Securities Exception. In one of the questions, Treasury FAQ X.4., the Treasury stated that absent additional facts, if a U.S. person acquires a publicly traded security that, at the time of such acquisition, is publicly traded, the security falls within the description of “publicly traded security” for purposes of the Publicly Traded Securities Exception. Because the granting of the approval of the Listing Committee of the Stock Exchange for the Listing of the H Shares is a condition to the completion of the Global Offering and investors in the Global Offering will therefore receive publicly traded securities, the Treasury’s view on the availability of the Publicly Traded Securities Exception expressed in FAQ X.4. may be applicable to U.S. person’s acquisition of our H Shares in the Global Offering. As discussed above, the Publicly Traded Securities Exception is not available if the transaction affords the U.S. person rights beyond standard minority protections with respect to the issuer of the securities. Investors seeking to rely on the Publicly Traded Securities Exception must make their own determinations as to their obligations under the Final Rule, and they should consult their own counsel if they have questions.

Failing to comply with the Final Rule’s notification requirements or provide accurate and complete information in the filing under the Final Rule may subject the relevant U.S. persons to civil penalties including fines of up to the greater of two times the transaction value or US\$377,700 (as such amount may be adjusted for inflation), and—for willful violations—criminal penalties of fines of up to US\$1 million and imprisonment of up to 20 years.

SINGAPORE GOVERNMENT REGULATIONS

1. Regulation of Imports and Exports Act

Under the Regulation of Imports and Exports Act 1995 of Singapore (“**RIEA**”), the Minister for Trade and Industry may make regulations for the registration, regulation and control of all or any class of goods imported into, exported from, transhipped in or in transit through Singapore. The Regulation of Imports and Exports Regulations controls the import, export or transshipment of certain goods through the requirement of permits. In addition, the importation and exportation of specific products into and out of Singapore may be subjected to certain registration requirements imposed by the relevant governmental authorities in Singapore.

Under the RIEA, any person who imports, exports or tranships any goods and either (i) applies or causes to be applied to the goods an incorrect trade description, or (ii) has in his possession for sale or for any purpose of trade any goods to which an incorrect trade description has been applied, shall be guilty of an offense and shall be liable on conviction to a fine and/or imprisonment. Trade descriptions mean any description, statement or indication which, directly or indirectly and by whatever means given, relates to the place of origin, manufacture or production of the goods.

2. Consumer Protection (Fair Trading) Act

The Consumer Protection (Fair Trading) Act 2003 of Singapore (“**CPFTA**”) is administered by the Competition and Consumer Commission of Singapore and aims to protect consumers against unfair practices and to give consumers additional rights in respect of goods that do not conform to the contract, and for matters connected therewith.

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The CPFTA grants consumers additional rights and remedies against sellers for non-conforming goods. The CPFTA will apply to a contract of sale of goods if the buyer deals as consumer, and the goods do not conform to the applicable contract at any time within the period of six (6) months starting from the date on which the goods were delivered to the buyer, and if the contract was made on or after September 1, 2012. Goods do not conform to a contract of sale of goods if there is, in relation to the goods, a breach of (a) an express term of the contract, (b) the implied condition that the goods will correspond with the description or samples provided by the seller to the buyer, or (c) the implied condition that the goods are of satisfactory quality or fitness for the purpose for which the goods were supplied.

Under the CPFTA, buyers will have a statutory right to demand the repair or replacement of non-conforming goods. The seller will have to repair or replace the non-conforming goods at its own costs, within a reasonable period of time and without causing significant inconvenience to the buyer. If the seller fails to do so or if repair or replacement is impossible or disproportionately costly, buyers may instead require the seller to reduce the price paid for the goods or may reject the goods altogether and obtain a refund.

3. Consumer Protection (Trade Descriptions and Safety Requirements) Act

The Consumer Protection (Trade Descriptions and Safety Requirements) Act 1975 of Singapore (“CPTSA”) prohibits the use of false trade descriptions on goods supplied in the course of trade. Trade descriptions include any description, statement or indication that directly or indirectly relates to the fitness for purpose, strength, performance, behavior or accuracy of any goods. A false trade description under the CPTSA includes a trade description which is false or likely to mislead in a material respect, whether from anything contained in or omitted from the description. Violations of the CPTSA are subject to criminal liability.

4. Law and Regulations in relation to Labor and Employment

The primary legislation governing employment matters in Singapore is the Employment Act 1968 of Singapore (“**Singapore Employment Act**”) which covers all employees, including workmen and persons employed in a managerial or executive position but excluding seamen, domestic workers and government employees (who are separately covered under other legislation). The Singapore Employment Act also covers both locals (namely, Singapore citizens and Singapore permanent residents) and foreigners and does not distinguish between a temporary employee, contract employee, daily-rated employee or employee on tenured employment.

In addition, other legislation concerning employment and immigration-related issues in Singapore apply, including the following: (a) Central Provident Fund Act 1953; (b) Child Development Co-Savings Act 2001; (c) Employment of Foreign Manpower Act 1990; (d) Industrial Relations Act 1960; (e) Retirement and Re-employment Act 1993; (f) Work Injury Compensation Act 2019; (g) Workplace Safety and Health Act 2006; and (h) Employment (Part-Time Employees) Regulations 1996.

The failure to comply with such laws and regulations as described above can result in the imposition of significant civil and/or criminal penalties, private litigation and/or investigation by the authorities.

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Further, Singapore employment law is supplemented by tripartite guidelines and advisories issued by the tripartite partners comprising the Ministry of Manpower, the Singapore National Employers Federation and the National Trades Union Congress. Such guidelines and advisories include the following: (a) Tripartite Guidelines on Wrongful Dismissal; (b) Tripartite Guidelines on Fair Employment Practices; (c) Tripartite Guidelines on Re-employment of Older Employees; (d) Tripartite Guidelines on Mandatory Retrenchment Notifications; and (e) Tripartite Advisory on Managing Excess Manpower and Responsible Retrenchment.

While tripartite guidelines and advisories do not constitute legislation, the Ministry of Manpower can take, and frequently takes, administrative action against employers who do not comply with such guidelines and advisories, such as curtailing their work pass privileges (which prevents them from applying for new work passes, and renewing existing work passes, on behalf of their foreign employees for a specified period of time).

5. Law and Regulations in relation to Tax

Corporate tax

The prevailing corporate tax rate in Singapore is 17%. From year of assessment 2020 onwards, the partial tax exemption scheme applies on the first S\$200,000 of a company's normal chargeable income; specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. For the avoidance of doubt, a "year of assessment" refers to a period of twelve (12) months between January 1, and December 31, of a given year.

Singapore has a tax exemption scheme for new start-up companies that was introduced in year of assessment 2005 to support entrepreneurship and help the growth of local enterprises. With effect from year of assessment 2020, there will be a 75% exemption on the first S\$100,000 of normal chargeable income, and a further 50% exemption on the next S\$100,000 of normal chargeable income.

Dividend distributions

(i) One tier corporate taxation system

Singapore adopts the one-tier corporate taxation system. Under the one-tier corporate taxation system, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

(ii) Withholding taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

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Capital Gains upon Disposition of Shares

Any gains considered to be in the nature of capital made from the sale of our shares will not be taxable in Singapore to the extent that they do not fall within the ambit of the new section 10L of the Income Tax Act 1947 (“**ITA**”), which came into effect on January 1, 2024. Any gains of an income nature would be subject to tax at the prevailing corporate income tax rate of 17.0%. There are no specific laws or regulations which deal with the characterization of whether a gain is income or capital in nature. Gains arising from the disposal of our shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from activities which the Inland Revenue Authority of Singapore (“**IRAS**”) regards as the carrying on of a trade or business in Singapore. Such gains, even if they do not arise from an activity in the ordinary course of trade or business or from an ordinary incident of some other business activity, may also be considered gains or profits of an income nature if the investor had the intention or purpose of making a profit at the time of acquisition of our shares. However, under Singapore tax laws, subject to section 10L of the ITA, there is a temporary safe harbor rule where any gains derived by a divesting company from its disposal of ordinary shares in an investee company between June 1, 2012 and December 31, 2027 are generally exempt from tax if immediately prior to the date of the relevant disposal, the divesting company has held at least 20% of the ordinary shares in the investee company for a continuous period of at least 24 months. Subject to certain prescribed exemptions and section 10L of the ITA, the safe harbor rule is only applicable if the divesting company, at the time of lodgment of its income tax return in Singapore relating to the period in which the disposal of ordinary shares occurred, provides such information and documentation as may be specified by the IRAS.

Under section 10L of the ITA, gains received in Singapore by an entity of a relevant group from the sale or disposal of any movable or immovable property outside Singapore will be treated as income chargeable to tax under section 10(1)(g) of the ITA under certain circumstances. Any registered shares, equity securities or securities will be deemed to be located outside Singapore if the register or principal register (if there is more than one register) is located outside Singapore regardless of where the company is incorporated. If our shares are deemed to be foreign assets, gains from their disposal will be subject to tax if an entity of a relevant group (other than an excluded entity) disposed of our shares on or after January 1, 2024. An entity is a member of a group of entities if its assets, liabilities, income, expenses and cash flows are (a) included in the consolidated financial statements of the parent entity of the group, or (b) excluded from the consolidated financial statements of the parent entity of the group solely on size or materiality grounds or on the grounds that the entity is held for sale. A group is a relevant group if (a) the entities of the group are not all incorporated, registered or established in Singapore; or (b) any entity of the group has a place of business outside Singapore. An excluded entity is defined in section 10L of the ITA to include (a) a pure equity-holding company satisfying the conditions in section 10L(16) of the ITA or (b) any other entity with adequate economic substance in Singapore, taking into account factors enumerated in section 10L, whose operations are managed and performed in Singapore.

Investors are advised to consult their own tax advisors on the applicable tax treatment if they received gains in Singapore from the disposal of our shares.

Global Anti-Base Erosion Model Rules (Pillar Two)

The Global Anti-Base Erosion Model Rules (Pillar Two) (“**BEPS Pillar 2**”) rules are implemented in Singapore via the Multinational Enterprise (Minimum Tax) Act 2024 (“**MMTA**”). It introduces (a) the multinational enterprise top-up tax (“**MTT**”), and (b) the domestic top-up tax (“**DTT**”).

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The MMTA will apply to a multinational enterprise (“MNE”) group for a financial year beginning on or after January 1, 2025 if its annual consolidated group revenue (determined by reference to the consolidated financial statements of its ultimate parent entity) for at least 2 financial years out of the 4 financial years immediately before that financial year is equal to or exceeds EUR 750 million.

MTT applies to a Singapore parent entity’s ownership interest in its relevant entities outside Singapore and its stateless entities but does not apply to its ownership interest in its domestic entities. The minimum rate for MTT is 15% and the top-up amount is computed using the effective tax rate (“ETR”) that is calculated on a jurisdictional basis for an MNE group. The charging provision for MTT is found in section 12 of the MMTA, which imposes MTT on an entity if (a) the entity is a responsible member of an MNE group at any time in the financial year, (b) the MNE group is an in-scope MNE group for the financial year, (c) the entity holds an ownership interest in another constituent entity (“CE”) of the MNE group at any time in the financial year, (d) that other CE is located in a jurisdiction outside Singapore or is a stateless entity, and has a top up amount for the financial year, and (e) the entity is located in Singapore.

The DTT imposes a top-up tax on certain CEs located in Singapore to raise their ETR to at least 15%. The charging provision for the DTT is section 28 of the MMTA, which imposes DTT equivalent to the on an MNE group for a financial year if (a) the MNE group is an in-scope MNE group, (b) at least one of its CEs is located in Singapore or is: (i) a flow through entity established, formed, incorporated or registered under the laws of Singapore, (ii) not a responsible member, and (iii) a reverse hybrid entity with respect to any of its income, expenditure, profit or loss, and (c) the MNE group has a top up amount for that financial year.

Do note that in-scope MNE groups are subject to various administrative requirements. This includes registering under the MMTA, designating a Singapore CE to be a Designated Local DTT Filing Entity (“DFE”) / Designated Local GIR Filing Entity (“GFE”), submitting MTT and DTT returns, and making a GloBE information return (“GIR”) filing.

However, excluded entities are excluded from the MTT and DTT. While their revenue is still taken into account to determine if the MNE group is in-scope, their attributes such as their profits, losses, taxes accrued, tangible assets, and payroll expenses are excluded from the various computations under MTT and DTT including the de minimis exclusion. Further, such entities are not subject to any administrative obligations under MTT and DTT, such as the filing of a GloBE Information Return. Excluded entities include a governmental entity, an international organization and a non-profit organization.

Further, the MTT and DTT regimes also provide for safe harbors that help reduce the MNE groups’ compliance burden. Where a safe harbor is elected by an MNE group for a jurisdiction, the top-up amounts for qualifying entities of the MNE group in the jurisdiction are treated as nil. Singapore currently has three safe harbors: (a) transitional CbCR Safe Harbor, (b) simplified Calculations Safe Harbor, and (c) QDMTT Safe Harbor.

Penalties may be imposed under the MMT Act where an in-scope MNE group fails to meet its obligations for MTT and DTT. As MTT and DTT rules are new, MNEs will require time to familiarize themselves with the rules. In view that some MNEs have given feedback that such rules are complex, IRAS will adopt a light touch approach for the first 3 financial years from financial year 2025, if an MNE group can demonstrate that it has taken reasonable measures to ensure the correct application of the rules.

REGULATORY OVERVIEW

Goods and Services Tax (“GST”)

GST in Singapore is a consumption tax that is levied on import of goods and services into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 9.0%.

6. Other Laws and Regulations

The Companies Act 1967 of Singapore (“**Singapore Companies Act**”) provides that no dividends can be paid to shareholders except out of profits of the company (except as expressly authorized by the Singapore Companies Act and every other legislation for the time being in force concerning companies).

There are currently no exchange control restrictions in effect in Singapore.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

The history of our Group can be traced back to 1995 with the founding of OmniVision Technologies, one of the world's leading image sensor companies which became a subsidiary of our Company through a strategic acquisition in 2019. Our Company was established in 2007 under the name Will Semiconductor Co., Ltd. Shanghai (上海韋爾半導體股份有限公司) in Shanghai by our Chairman, Mr. YU Renrong. See “Directors and Senior Management—Directors” for more details. Over the years, we have evolved into one of the world's top 10 fabless semiconductor companies, according to Frost & Sullivan, distinguished by our advanced proprietary technologies, diversified products and solution portfolio, flexible fabless business model, and extensive customer network and supply chain ecosystems.

Since our Company's establishment in 2007 and leading up to the listing of its A Shares in 2017, our Company has consistently driven innovation and excellence in semiconductor design, sales, and distribution, earning widespread industry recognition and certifications, including regional high-tech enterprise status and multiple awards for innovation and technical support. Prior to the Company's A Share listing in 2017, the Company was named one of the Top Ten Outstanding Chinese IC Design Companies in 2013 by the Electronic Engineering Album, a Specialized and Sophisticated Enterprise in 2016 by Shanghai Municipal Commission of Economy and Information Technology, a Star Enterprise in Integrated Circuit Design Industry in Pudong New Area in each year during 2014-2016 by Shanghai Pudong New Area National Economy and Social Information Promotion Center.

In May 2017, we went public with our A Shares (Stock Code: 603501) listed on the main board of the Shanghai Stock Exchange, marking a significant milestone in our growth. This listing enabled us to enhance our research and development capabilities and expand our market presence. In 2019, we acquired OmniVision Technologies and two other acquirees, which further bolstered our market position and marked the beginning of a new era in our business development. This synergistic integration catapulted us into the international arena and allowed us to gain global recognition as a world-leading semiconductor company. Since then, our portfolio has expanded significantly, enabling us to offer advanced digital imaging solutions, display solutions, and analog solutions for a wide range of industrial and consumer applications. Following the acquisition of OmniVision Technologies in 2019, our Group's total assets increased by 29.6% from approximately RMB17.5 billion in 2019 to approximately RMB22.7 billion in 2020, and our Company's revenue increased by 45.4% from approximately RMB13.6 billion in 2019 to approximately RMB19.8 billion in 2020, pursuant to the Company's annual reports prepared in accordance with PRC GAAP. In January 2022, we announced the adoption of our new global brand and logo: **OMNIVISION**®

In November 2023, we successfully listed our GDRs on the SIX Swiss Exchange. This listing was part of the expanded China-Switzerland Stock Connect scheme. Our GDRs are traded under the symbol “WILL,” and the move enhances our access to international capital markets and supports our strategic growth initiatives.

On June 11, 2025, we changed our corporate name to OmniVision Integrated Circuits Group, Inc. (豪威集成電路（集團）股份有限公司), which embodies our creative brand-led and world-leading digital imaging business, while also representing the deep heritage of our Company.

HISTORY AND CORPORATE STRUCTURE

KEY CORPORATE DEVELOPMENT MILESTONES

The following sets forth a summary of our Company's key corporate development milestones:

Year	Event
1995	OmniVision Technologies was founded.
2007	Our Company was incorporated in Shanghai under the name Will Semiconductor Co., Ltd. Shanghai (上海韋爾半導體股份有限公司).
2017	The A Shares of our Company were listed on the Shanghai Stock Exchange (Stock Code: 603501).
2019	We acquired OmniVision Technologies ⁽¹⁾ and two other acquirees ⁽²⁾ .
2020	We expanded into TDDI.
2022	Our Group adopted a new global brand and logo, OMNIVISION® .
2023	We completed the listing of our GDRs (Symbol: WILL) on the SIX Swiss Exchange.
2025	We changed our corporate name to OmniVision Integrated Circuits Group, Inc. (豪威集成電路(集團)股份有限公司).

Notes:

- (1) OmniVision Technologies was a Nasdaq-listed company between July 2000 and January 2016. In January 2016, to create commercially reasonable value for the then-shareholders of OmniVision Technologies, OmniVision Technologies was taken private by a consortium of investors that were third parties independent from our Company. After the going-private transaction, the common stock of OmniVision Technologies was delisted from Nasdaq.
- Mr. YU Renrong, one of our Controlling Shareholders, became an indirect shareholder (through Shaoxing Weihao Management), director and chief executive officer of Beijing OmniVision Technologies Company Limited (北京豪威科技有限公司), the then-parent company of OmniVision Technologies on September 20, 2017. We consummated the acquisition of OmniVision Technologies (the "OmniVision Acquisition") in August 2019. To the best knowledge of our Company, immediately prior to the OmniVision Acquisition, other than Shaoxing Weihao Management, being a seller of the equity interest in OmniVision Technologies and one of our Controlling Shareholders, the other sellers in the OmniVision Acquisition were third parties independent from our Company.
- (2) Our Company acquired Omnivision Technology Beijing and Beijing Vision Source Technology Development Co., Ltd. (北京視信源科技發展有限公司) in July 2019. To the best knowledge of our Company, immediately prior to the two acquisitions, other than Beijing Borong Superpix Technology Co., Ltd. (北京博融思比科科技有限公司), whose then director was also the supervisor of the Company, the sellers in these two acquisitions were third parties independent from our Company.

MAJOR SUBSIDIARIES

The principal business activities and date of establishment of each of our Major Subsidiaries are shown below:

Name of company or partnership	Equity interest attributable to our Group	Principal business activities	Date and jurisdiction of establishment or formation
Will Semiconductor	100%	Semiconductor design and sales	August 12, 2008, Hong Kong SAR
Shenzhen Jinghongzhi	100%	Agency and sales of electronic components	May 15, 2014, PRC
Waching Electronic	100%	Agency and sales of electronic components	September 5, 2006, Hong Kong SAR
Jinghongzhi Electronics	100%	Agency and sales of electronic components	August 8, 2002, PRC
OmniVision TDDI	100%	Semiconductor design and sales	June 9, 2021, Ontario, Canada

HISTORY AND CORPORATE STRUCTURE

Name of company or partnership	Equity interest attributable to our Group	Principal business activities	Date and jurisdiction of establishment or formation
Beijing OmniVision	100%	Semiconductor design and sales	July 15, 2015, PRC
OmniVision Technologies	100%	Semiconductor design and sales	February 28, 2000, Delaware, USA
OmniVision Technologies Singapore	100%	Semiconductor design and sales	March 30, 2012, Singapore
OmniVision International Ontario	100%	Semiconductor design and sales	January 10, 2020, Ontario, Canada
Zhejiang Will	100%	Investment holding	June 15, 2020, PRC
Shaoxing Weihao Business	100%	Investment holding	June 24, 2021, PRC
Shanghai OmniVision	100%	Semiconductor design and sales	July 2, 2021, PRC
Hunan Silicon	100%	Semiconductor design and sales	December 31, 2020, PRC
OmniVision Technology Beijing	96.12%	Semiconductor design and sales	September 28, 2004, PRC
OmniVision Semiconductor Shanghai	100%	Semiconductor design and sales	January 19, 2001, PRC
Beijing Jinghongzhi	100%	Agency and sales of electronic components	September 10, 2001, PRC
Superpix Technology	96.12%	Semiconductor design and sales	March 25, 2019, Hong Kong
OmniVision Touch & Display	100%	Semiconductor design and sales	June 8, 2021, Singapore

The Company held majority equity interests in the above Major Subsidiaries throughout the Track Record Period.

See “Appendix VI—Statutory and General Information—C. Further Information about Our Major Subsidiaries” for more details on share capital changes of the Major Subsidiaries.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of Our Company

Our Company was incorporated as a joint stock company in Shanghai in 2007 with an initial registered share capital of RMB5,000,000. Upon the completion of multiple rounds of share transfers and capital injection, the registered share capital of our Company reached RMB374,400,000 immediately prior to the listing of our A Shares on the Shanghai Stock Exchange in May 2017. Since our establishment, Mr. YU Renrong, our executive Director and Chairman of the Board, has been the controller of our Company.

Listing on the Shanghai Stock Exchange

In May 2017, we completed the listing of our A Shares on the Shanghai Stock Exchange (Stock Code: 603501).

HISTORY AND CORPORATE STRUCTURE

In the A-Shares Listing, we issued an aggregate of 41,600,000 A Shares, accounting for 10% of our Company's then share capital immediately following the listing.

We issued 400,951,447 A Shares in August 2019 as consideration for our strategic acquisition of OmniVision Technologies, Omnivision Technology Beijing and Beijing Vision Source Technology Development Co., Ltd. (北京視信源科技發展有限公司), based on their value appraised on July 31, 2018. The 400,951,447 A Shares issued as consideration for these three acquisitions represented approximately 46.42% of the then total number of issued Shares of our Company (on a diluted basis) and are based on, among others, the valuation appraisals of each acquiree. The valuation of OmniVision Technologies and Omnivision Technology Beijing was appraised based on their respective income, and the valuation of Beijing Vision Source Technology Development Co., Ltd. was based on its assets. The acquirees, being global image sensor suppliers, held significant market share in high-end smartphones and other sections. At the time of these acquisitions, our Company considered that the business and the customer base of the Company and the acquirees were highly synergistic and that the acquisition will expand our product offerings, enhance our technical capabilities, provide access to high-quality customers in various fields, and support our overall growth strategy. In connection with these acquisitions, we successfully completed a placement of 7,006,711 A Shares to finance our post-acquisition operational developments. The total proceeds from the placement amounted to RMB404,147,090. To the best knowledge of our Company, all placees under the placement are independent third parties of the Company.

Public Issuance of Convertible Bonds

To further optimize the debt structure, broaden financing channels and satisfy funding needs of our Company, in December 2020, we completed the public issuance of the Convertible Bonds to the then shareholders of our Company and public investors. The Convertible Bonds have a maturity date of December 27, 2026 and carry varied interest rates from 0.20% in the first year to 2.00% in the sixth year. The conversion period of the Convertible Bonds lasts from six-months after the completion of the issuance of the Convertible Bonds until its maturity date on December 27, 2026. As of the Latest Practicable Date, our Company has issued 34,992 A shares as a result of the conversion of the Convertible Bonds. As of the Latest Practicable Date, Convertible Bonds of RMB2,432,405,000 in principal amount were outstanding, with a conversion price of RMB161.84 per A Share. Assuming all remaining Convertible Bonds are converted, based on the conversion price as of the Latest Practicable Date, our Company will issue 15,029,689 new A Shares, accounting for 1.20% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised), or 1.19% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is exercised).

As of the Latest Practicable Date, Shaoxing Weihao Management held Convertible Bonds with an outstanding principal amount of RMB2,319,000, which were convertible to 14,328 A Shares upon full conversion of such Convertible Bonds, assuming a conversion price of RMB161.84 as of the Latest Practicable Date. In the event of full conversion of all outstanding Convertible Bonds, Shaoxing Weihao Management shall hold an aggregate of 74,146,990 A Shares, representing approximately 6.13% of the total share capital of the Company on a fully converted basis as of the Latest Practicable Date, 5.91% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised), and 5.87% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is exercised). Other than Shaoxing Weihao Management, none of the other Controlling Shareholders held any

HISTORY AND CORPORATE STRUCTURE

Convertible Bonds as of the Latest Practicable Date. Our Controlling Shareholders have given an undertaking to our Company and the Stock Exchange pursuant to Rule 10.07 of the Listing Rules. For more details, please refer to “Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange pursuant to the Listing Rules” in this document. Shaoxing Weihao Management has also confirmed to our Company that it has no intention to convert any of the outstanding Convertible Bonds that it holds into A Shares from the Latest Practicable Date up to the end of the six-month period after the Listing Date.

Listing on the SIX Swiss Exchange

In November 2023, we completed the listing of our GDRs (Symbol: WILL) on the SIX Swiss Exchange. Each GDR represents an interest in one A Share.

In the GDR Listing, we issued an aggregate of 31,000,000 A Shares, accounting for 2.55% of our Company’s then share capital immediately following the listing.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

POST TRACK RECORD PERIOD ACQUISITIONS

We proposed to acquire the majority equity interest of a company after the Track Record Period and up to the Latest Practicable Date. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant us, a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the proposed acquisition. See “Waivers and Exemptions — Waiver in respect of Company and Business to be Acquired after the Track Record Period” for alternative disclosure of the acquisition.

OUR LISTINGS ON THE SHANGHAI STOCK EXCHANGE AND THE SIX SWISS EXCHANGE AND REASONS FOR THE LISTING ON THE STOCK EXCHANGE

Since May 2017 and November 2023, our Company has been listed on the Shanghai Stock Exchange and on the SIX Swiss Exchange, respectively. As of the Latest Practicable Date, our Directors confirmed that, since our listing on the Shanghai Stock Exchange and the SIX Swiss Exchange, respectively, we had no instances of material non-compliance with the rules of the Shanghai Stock Exchange or the SIX Swiss Exchange, respectively, 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 Shanghai Stock Exchange or the SIX Swiss Exchange, respectively.

Our Company seeks to be listed on the Hong Kong Stock Exchange in order to provide further capital for the development and expansion of our global business, further strengthen our business profile and market position in the industry, and better attract overseas investors and talents. See “Business—Our Strategies” and “Future Plans and Use of Proceeds” for more details.

HISTORY AND CORPORATE STRUCTURE

PUBLIC FLOAT AND FREE FLOAT

Public Float

The total number of the H Shares to be issued pursuant to the Global Offering represents approximately 3.66% of the total issued share capital of our Company upon the completion of the Global Offering (excluding 3,921,163 A Shares held on treasury as of the Latest Practicable Date and assuming that the Over-allotment Option is not exercised). Immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the total market value of the H Shares to be held by the public is expected to be approximately HK\$4,799.8 million, calculated based on the maximum Offer Price of HK\$104.80, 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.

Free Float

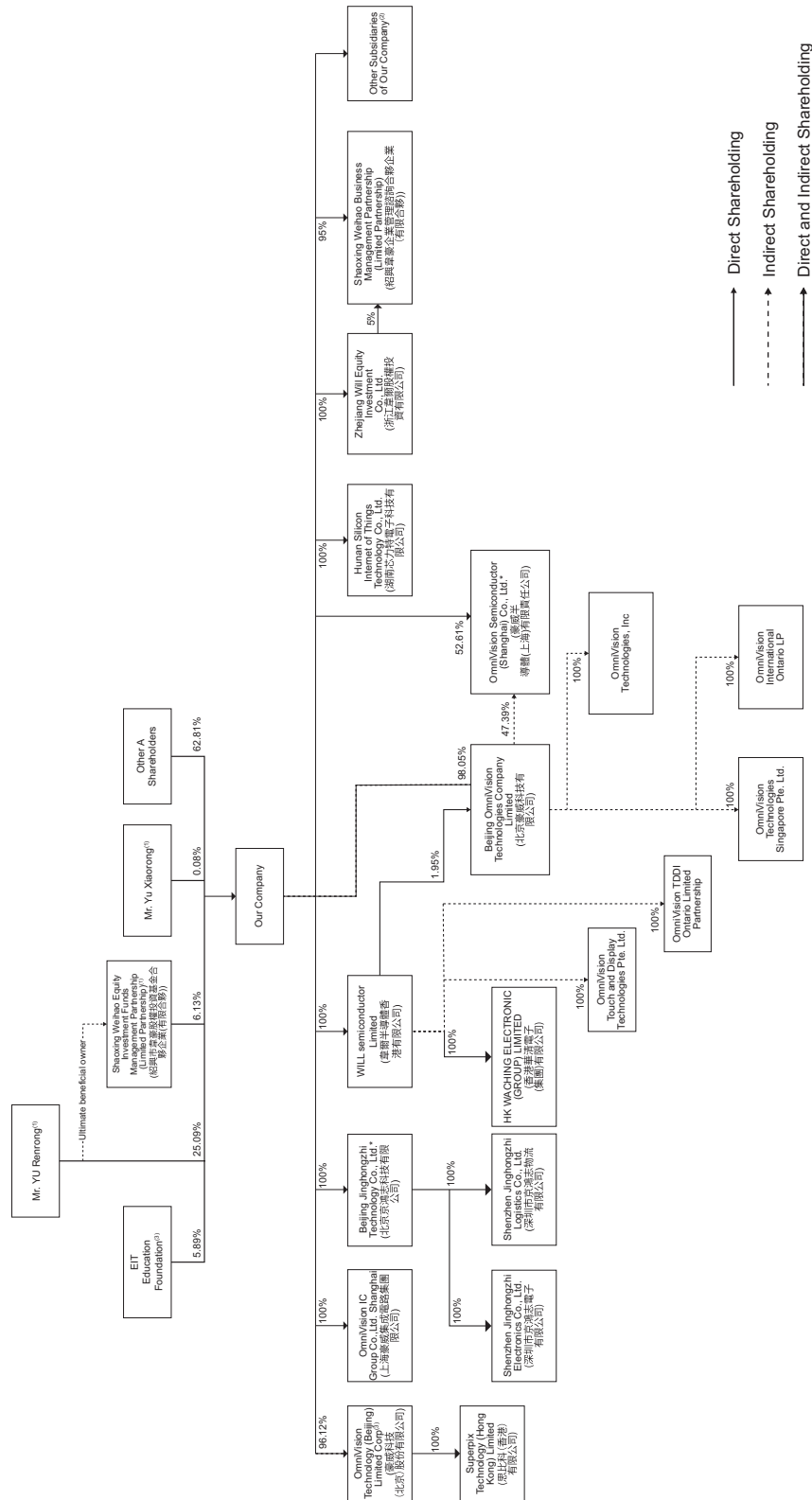
Based on the maximum Offer Price of HK\$104.80 per H Share, we will satisfy the free float requirement under Rule 19A.13C(2) of the Listing Rules.

HISTORY AND CORPORATE STRUCTURE

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure immediately before the Global Offering

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



HISTORY AND CORPORATE STRUCTURE

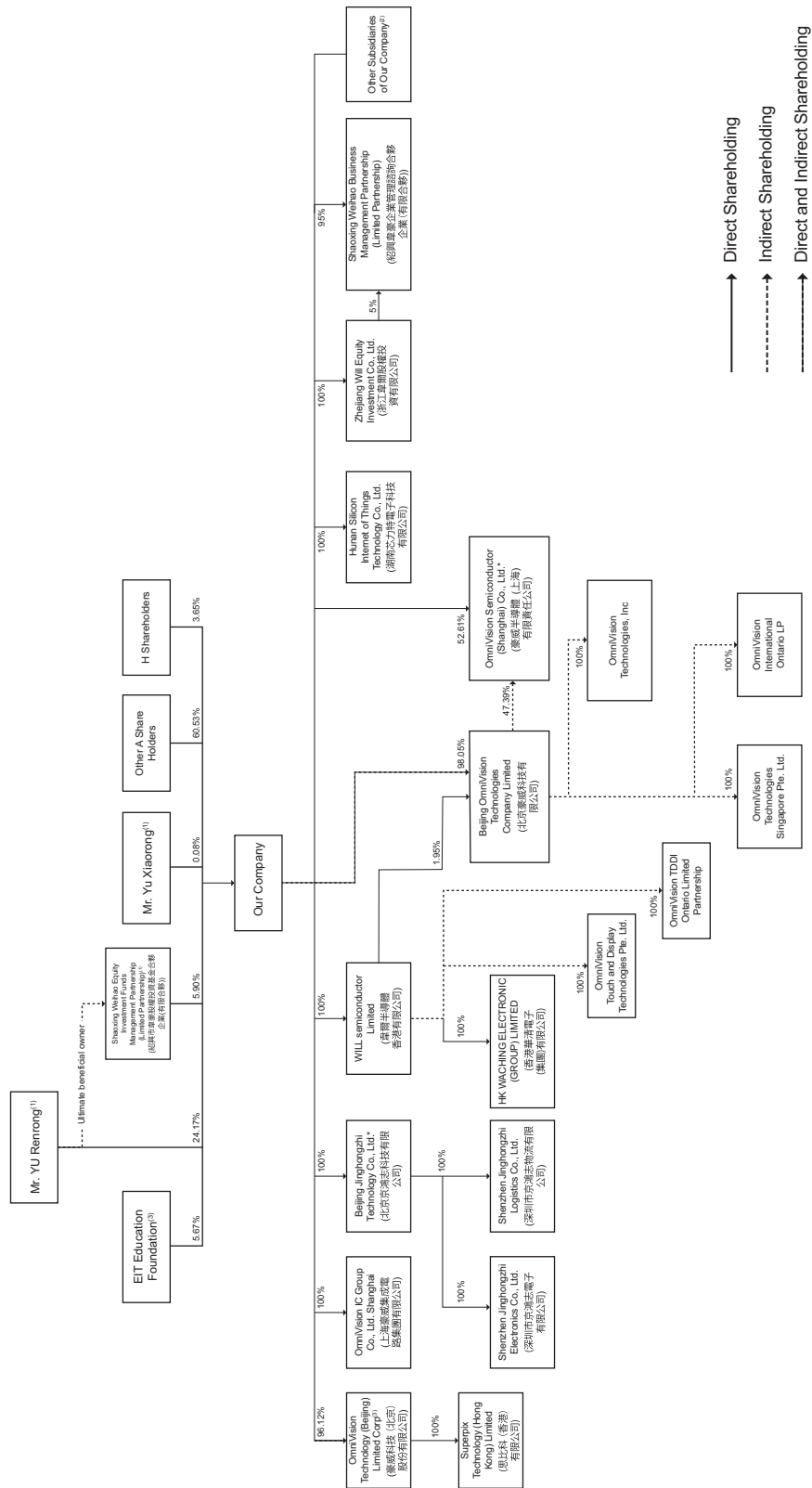
Notes:

- (1) Mr. YU Renrong is the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. Mr. YU Renrong is the direct beneficial owner of 303,472,250 A Shares of our Company and indirectly holds 74,132,662 A Shares of our Company through Shaoxing Weihao Management. Shanghai Qingen, which holds 99.72% partnership interest in Shaoxing Weihao Management, is the general partner of Shaoxing Weihao Management. Qingdao Qingen, which holds 0.28% partnership interest in Shaoxing Weihao Management, is the limited partner of Shaoxing Weihao Management. Qingdao Qingen holds 1.25% partnership interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Mr. YU Renrong holds 98.75% partnership interest in Shanghai Qingen and holds 91.67% equity interest in Qingdao Qingen. Mr. YU Renrong is the controlling shareholder of Qingdao Qingen. The remaining 8.33% equity interest in Qingdao Qingen is held by Ms. MA Hongmin (馬洪敏) (“**Ms. Ma**”), an Independent Third Party who does not act in concert with any of the Controlling Shareholders. In addition, Mr. YU Xiaorong, brother of Mr. YU Renrong, is the direct beneficial owner of 972,000 A Shares of our Company. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Each of Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong is deemed to be interested in all the A Shares in which each of them is interested. Mr. YU Renrong, Shaoxing Weihao Management, Mr. YU Xiaorong, Shanghai Qingen and Qingdao Qingen constitute our Controlling Shareholders, holding approximately 31.30% of the issued share capital of our Company immediately before the Global Offering.
- (2) Our Company includes, in aggregate, over 80 subsidiaries (including the Major Subsidiaries) established in various jurisdictions.
- (3) All of the A Shares of our Company held by EIT Education Foundation come from direct or indirect donation by Mr. YU Renrong. The mission of EIT Education Foundation is to support the development of Eastern Institution of Technology, Ningbo (寧波東方理工大學).
- (4) As of the Latest Practicable Date, the remaining 3.88% equity interest in OmniVision Technology Beijing is directly held by CHEN Jie, LIU Zhibi, and QIAN Xiangfeng. CHEN Jie and QIAN Xiangfeng are independent third parties of the Company, while LIU Zhibi holds various positions within our Group, including the chairman of OmniVision Integrated Circuits (Chengdu) Co., Ltd. (豪威集成電路(成都)有限公司) and the general manager of OmniVision North China IC Ltd.* (豪威北方集成電路有限公司).

HISTORY AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Following the Global Offering

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing:



HISTORY AND CORPORATE STRUCTURE

Notes:

- (1) Mr. YU Renrong is the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. Mr. YU Renrong is the direct beneficial owner of 303,472,250 A Shares of our Company and indirectly holds 74,132,662 A Shares of our Company through Shaoxing Weihao Management. Shanghai Qingen, which holds 99.72% partnership interest in Shaoxing Weihao Management, is the general partner of Shaoxing Weihao Management. Qingdao Qingen, which holds 0.28% partnership interest in Shaoxing Weihao Management, is the limited partner of Shaoxing Weihao Management. Qingdao Qingen holds 1.25% partnership interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Mr. YU Renrong holds 98.75% partnership interest in Shanghai Qingen and is the limited partner of Shanghai Qingen. Mr. YU Renrong holds 91.67% equity interest in Qingdao Qingen. The remaining 8.33% equity interest in Qingdao Qingen is held by Ms. MA Hongmin (馬洪敏) (“Ms. Ma”), an Independent Third Party who does not act in concert with any of the Controlling Shareholders. In addition, Mr. YU Xiaorong, brother of Mr. YU Renrong, is the direct beneficial owner of 972,000 A Shares of our Company. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Each of Mr. YU Renrong, Shaoxing Weihao Management and Mr. YU Xiaorong is deemed to be interested in all the A Shares in which each of them is interested. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong constitute our Controlling Shareholders, holding approximately 30.15% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing.
- (2) Our Company includes, in aggregate, over 80 subsidiaries (including the Major Subsidiaries) established in various jurisdictions.
- (3) All of the A Shares of our Company held by EIT Education Foundation come from direct or indirect donation by Mr. YU Renrong. The mission of EIT Education Foundation is to support the development of Eastern Institution of Technology, Ningbo (寧波東方理工大學).
- (4) As of the Latest Practicable Date, the remaining 3.88% equity interest in OmniVision Technology Beijing is directly held by CHEN Jie, LIU Zhibi, and QIAN Xiangfeng. CHEN Jie and QIAN Xiangfeng are independent third parties of the Company, while LIU Zhibi holds various positions within our Group, including the chairman of OmniVision Integrated Circuits (Chengdu) Co., Ltd. (豪威集成電路(成都)有限公司) and the general manager of OmniVision North China IC Ltd.* (豪威北方集成電路有限公司).

The following table set forth the shareholding structure of the Company following the completion of the Global Offering.

Description of Shares	Upon completion of the Global Offering, assuming the Over-allotment Option is not exercised		As at the end of the Over-allotment Option exercise period, assuming that the Over-allotment Option is fully exercised	
	Number of Shares	Approximate % of the issued share capital	Number of Shares	Approximate % of the issued share capital
Our Controlling Shareholders				
(1) A Shares	378,576,912	30.15%	378,576,912	29.99%
Other A Shareholders A Shares	831,097,500	66.20%	831,097,500	65.84%
H Shareholders H Shares	45,800,000	3.65%	52,670,000	4.17%
Total	<u>1,255,474,412</u>	<u>100.00%</u>	<u>1,262,344,412</u>	<u>100.00%</u>

Note:

- (1) Represents (i) 303,472,250 A Shares of our Company directly held by Mr. YU Renrong; (ii) 74,132,662 A Shares of our Company directly held by Shaoxing Weihao Management; and (iii) 972,000 A Shares of our Company directly held by Mr. YU Xiaorong, brother of Mr. YU Renrong. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong constitute our Controlling Shareholders, holding approximately 30.15% of the issued share capital of our Company immediately following the completion of the Global Offering, assuming that the Over-allotment Option is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and Listing. See “Relationship with Our Controlling Shareholders—Our Controlling Shareholders”.

BUSINESS

OVERVIEW

We are a global fabless semiconductor design company, with CIS being our major product. We are distinguished by our proprietary technologies, diversified products and solution portfolio, flexible fabless business model, and extensive customer network and supply chain ecosystems.

We are currently engaged in three main business lines: advanced digital imaging solutions, display solutions and analog solutions, and continue to expand our product and solution offerings so as to serve high-growth verticals such as smartphone, automobile, medical, surveillance, and emerging markets (machine vision, smart glasses, and Edge AI). Our comprehensive suite of business lines and strong design capabilities enable us to design, develop, and market a wide range of highly integrated semiconductor solutions designed for mission-critical applications across diverse industry verticals.

In particular, we are the third largest digital image sensor providers globally, with a market share of 13.7% based on revenue from digital imaging solutions in 2024, according to Frost & Sullivan. Our technology expertise and ability to provide reliable services have helped us establish brand awareness and achieve solid market recognition globally.

OUR FLEXIBLE AND EFFICIENT FABLESS BUSINESS MODEL

We employ a fabless manufacturing strategy, allowing us to concentrate on the design and sales of semiconductor products and solutions while collaborating with world-leading suppliers for wafer fabrication, packaging, and testing. The fabless model offers a wide range of advantages, including (i) greater operational flexibility, (ii) access to leading manufacturing technologies through strategic partnerships, and (iii) the ability to quickly adapt to market demands while achieving higher production efficiency. In markets where technology evolves rapidly and semiconductor innovation drives continuous advancement, our fabless model enables us to respond swiftly to shifting market demands without incurring substantial capital expenditures. This flexibility allows us to upgrade our technology solutions more efficiently and cost-effectively.

We have maintained long-standing partnership with world-leading foundries with whom we work collaboratively to leverage their facilities. As wafer fabrication becomes increasingly sophisticated, this relationship ensures our products remain at the forefront of innovation. We have established a fabless manufacturing process with third party service providers along the value chain, including semiconductor manufacturers, image sensor manufacturers, testing facilities, and packing service providers. See “—Manufacturing” for more details.

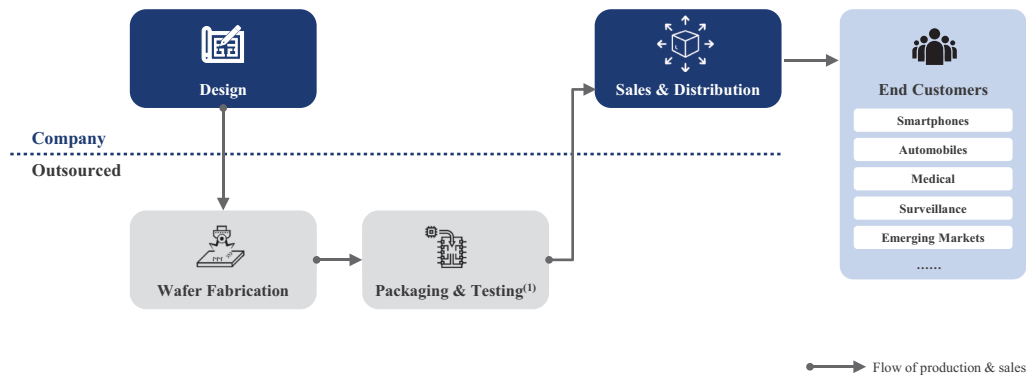
While we outsource both front-end and back-end manufacturing as well as packaging processes, a majority of testing is conducted at our in-house final testing facilities to establish an effective product-test-feedback loop, with the rest of testing outsourced. We have installed high-throughput, automated final test systems — built to our custom specifications — at our testing facilities. It enables us to verify not only standard logic and electrical functions, but also the ability to capture and process optical images. We conduct full inspection testing on certain selected final products based on the agreed-upon supply chain arrangement of such products between us and our customer while outsourced testing is primarily carried out for earlier-generation products. Our in-house testing systems are used both for our advanced digital imaging solutions, such as CIS after the packaging process, and our CameraCubeChip® imaging devices. The test equipment features automated handling, integrated lighting and lens systems, interchangeable image sources, and automated output sorting based on functionality. This approach not only ensures better quality control

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but also enhances our design expertise by providing valuable insights from testing outcomes. Additionally, our in-house capabilities offer a capacity buffer in addition to outsourced testing processes, further strengthening our ability to deliver reliable semiconductor solutions. Testing is becoming increasingly important as the company's business in the automotive vertical grows given the very stringent industry requirements of those customers.

With respect to delivery, we are generally responsible for delivering our products to the locations and at the times as specified in the orders placed by our customers. Our customers, many of whom are OEMs and ODMs, will then be responsible for the subsequent shipments and deliveries of the end-products, into which our products are integrated, to their end customers.

We believe our fabless business model reduces our capital requirements, operating expenses and time to market, allowing us to concentrate our resources on strengthening our core competencies in research and development, technological innovation, and product design.



Note:

(1) We have established in-house final testing facilities, through which we are able to obtain timely feedback on product performance, and establish an efficient R&D iteration process.

OUR DIVERSIFIED PRODUCTS AND SOLUTIONS

As we advance our technology development with greater complexity and deeper integration into application-specific solutions, we offer a diversified portfolio of image sensors, display products, analog ICs, and other semiconductor components. Our products and solutions power electronic devices that have become integral to—and enhanced—people's daily lives. By leveraging our strong design capabilities and collaborations with third-party foundries across our three core business lines, we continuously expand our product offerings, that cater to various end markets, including automobiles and smartphones.

We derive the majority of our revenue from our semiconductor design and sales business, delivering advanced digital imaging solutions, display solutions, and analog solutions for a wide variety of consumer and industrial applications, including automobile, smartphone, medical, surveillance, and emerging markets. A small portion of our revenue is attributable to our semiconductor distribution business, where we procure semiconductor products from world-class semiconductor suppliers and leading players in both domestic and international markets to serve the evolving needs of our diverse customer base. Our semiconductor design and sales business delivers well-performing ICs designed in-house to address specific industry needs. During the Track Record Period, revenue from our semiconductor design and sales business was RMB16.4 billion in 2022,

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RMB17.9 billion in 2023, RMB21.6 billion in 2024, and RMB11.6 billion in the six months ended June 30, 2025, respectively, accounting for 81.9%, 85.5%, 84.2% and 83.0% of our total revenue in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively. Our semiconductor distribution business distributes semiconductor components that differ from products we design in terms of category, functionality and performance, primarily including electronic components, structural devices, discrete semiconductors, modules and ICs addressing general industry needs. During the Track Record Period, revenue from our semiconductor distribution business was RMB3.6 billion in 2022, RMB3.0 billion in 2023, RMB3.9 billion in 2024 and RMB2.3 billion in the six months ended June 30, 2025, respectively, accounting for 17.8%, 14.2%, 15.3% and 16.6% of our total revenue in 2022, 2023, 2024 and in the six months ended June 30, 2025, respectively. Semiconductor distribution complements our self-designed semiconductor products and solutions, broadens and deepens our customer engagement, and provides valuable insights into our product design and development. The revenue from our semiconductor design and sales business, as well as our semiconductor distribution business, are both predominantly product sales in nature.

Advanced Digital Imaging Solutions. We offer a diverse range of image sensor solutions, including CIS, miniature image module package (CameraCubeChip[®]), LCOS and ASIC products. These solutions serve end customers across a wide variety of industries such as consumer electronics, vehicles medical, surveillance and in emerging markets (machine vision, smart glasses, and Edge AI).

Display Solutions. We offer a wide range of display driver products, including LCD-TDDI, OLED DDIC, and TED, which are widely used in smartphones, and PCs. We are also continuing to invest in the development of automotive display driver solutions to introduce automotive TDDI products that meet mainstream market demand specifications.

Analog Solutions. We design and develop a complex and diversified analog semiconductor portfolio highlighted advanced PMIC, which is critical to converting, distributing, monitoring and managing electrical power within electronic device systems and hence essential for managing power distribution and efficiency in electronic systems. In addition to advanced analog ICs exemplified by PMIC, our product lineup includes other discrete semiconductors that perform a single electrical function, such as TVS, a type of suppressor used to improve anti-static and antisurge current capabilities, and MOSFET, a type of transistor used to amplify signal, switch electronic and control voltage. Analog ICs and discrete semiconductors together form an integral part of our analog solutions. These analog semiconductor products and solutions are widely used across consumer electronics, surveillance, telecommunications, vehicles and in other industrial applications. In addition, we design various analog ICs for automotive applications in vehicles, featuring automotive-grade specifications and a versatile supply chain.

Semiconductor Distribution. In addition to our three principal business lines, we have built a large semiconductor distribution network in China, which not only broadens and deepens our customer engagement but also provides valuable insights into product development. Through close partnerships with OEMs, ODMs, and semiconductor solution providers, we extend our vertical reach and drive greater adoption of our semiconductor solutions.

OUR GROWING MARKET OPPORTUNITIES

With 30 years of industry experience, we have established robust technology capabilities that underlie our comprehensive product offerings, making us one of the few semiconductor solution

providers with a significant presence across all major verticals, including in smartphone, automobile, medical, surveillance, and emerging markets (machine vision, smart glasses, and Edge AI):

Smartphone

Our advanced image capturing technologies allow users to capture high-quality still and video images while maintaining high standards of performance. We have developed a full suite of core technologies from pixel architectures to image capturing technologies, along with our PureCel® and PureCel®Plus technologies for wafer-level camera modules. We are developing high resolution image sensors which are widely used by renowned smartphone brands for their flagship models, while striving to strengthen our competitive edge in pixel miniaturization and image resolution.

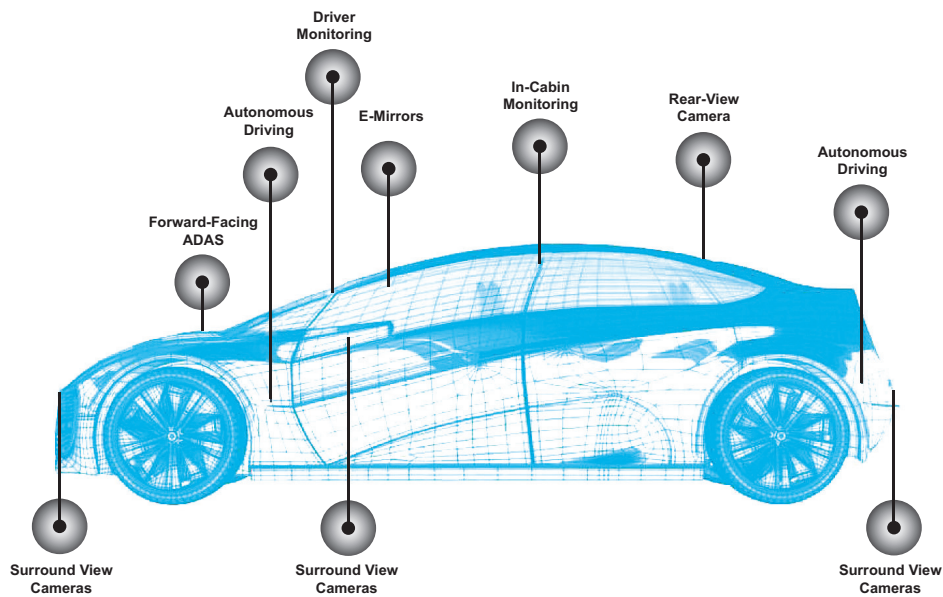
Additionally, we continue to invest in R&D across key technology areas to drive ongoing innovation. Our TDDI technology has seen increasing adoption by smartphone manufacturers, further solidifying its position in the market. Meanwhile, our newly developed OLED DDIC products have been successfully tested and approved by downstream customers, underscoring our strategic positioning for future growth in display technologies. In recent years, demand for higher battery capacity and faster charging in the smartphone market has grown at an impressive pace. Our analog solutions help customers better address challenges related to power density and power management, enabling more efficient and devices. For instance, our DC-DC converters help regulate voltage by its power switch function and LDOs offer over-current and over-temperature protection. They ensure stable power supply while minimizing energy loss and avoiding over-temperature.

We are actively optimizing our product and supply chain structures to strengthen the competitiveness of our smartphone product portfolio. For example, our flagship image sensor featuring 50MP resolution and a 1.2 µm pixel size has been widely adopted as the main rear camera sensor in leading smartphones in the domestic market. This success has driven a significant breakthrough in our market share within the smartphone segment, providing sustained momentum for the continuous improvement of our product value and profitability.

According to Frost & Sullivan, the global smartphone CIS market is expected to grow at a CAGR of 3.2%, from US\$13.6 billion in 2025 to US\$15.5 billion by 2029. We are the world's third-largest smartphone CIS provider, with a market share of 10.5% based on revenue from smart phone-related digital imaging solutions in 2024, according to Frost & Sullivan. We are focused on continuing our efforts to capture a growing share of this market.

Automobile

The market for automotive image sensors has experienced significant growth in recent years, reflecting a trend that is expected to continue over the next five years. According to Frost & Sullivan, the global automotive CIS market grew from US\$1,377 million in 2020 to US\$2,499 million in 2024, representing a CAGR of 16.1%, and is expected to reach US\$7,028 million in 2029, representing a CAGR of 18.4% from 2025.



Usage of CIS solutions in smart vehicles

Higher automotive image sensor attach rates were being directly driven by the ever-expanding technological applications and legal mandates around the globe, as well as the trends of electrification and intelligence transformation. Beyond traditional RVCs, the demand for all-around interior and exterior monitoring and viewing capabilities also became a necessity. Through the development and implementation of ADAS and in-cabin monitoring systems, cars were expected to advance in safety and reliability. CIS are a critical component of such systems. According to Frost & Sullivan, the global average number of CIS per new vehicle increased from 2.2 in 2020 to 3.4 in 2024, and is projected to reach 8.0 by 2029. Certain automotive OEMs are also actively pushing for the increased adoption of cameras in EVs, specifically for their autonomous driving features and smart cockpit functionalities. There are flagship models equipped with as many as 10 to 14 cameras to support such advanced systems. China is playing a leading role in the development of the global automotive industry. China's share of global vehicle production is expected to rise from 33.8% in 2024 to 43.7% by 2029, according to Frost & Sullivan. The advancement of EVs and ADAS in China has significantly driven demand for automotive CIS. As autonomous driving functions continue to evolve and become more widespread, the number of cameras per vehicle is expected to increase steadily. In addition, in-cabin applications such as facial recognition and gesture recognition are further contributing to the growing demand for CIS in China. According to Frost & Sullivan, the average number of CIS per new vehicle in China is expected to increase from 4.1 in 2024 to 9.2 in 2029, which are higher than the global average.

We are the world's largest automotive CIS provider with a market share of 32.9% based on revenue from automotive-related digital imaging solutions in 2024, according to Frost & Sullivan. We supply automotive image sensors to automotive manufacturers globally. From the early stages of the development cycle, we collaborate closely with leading automotive manufacturers and key players in the supply chain to ensure that our products optimally aligned with their requirements and specifications. Our automotive CIS solutions support a wide range of applications, including ADAS, in-cabin monitoring, e-mirrors, dashboard cameras, rear and surround views, and panoramic imaging, among others.

We also offer LCOS products, which play a critical role in enabling HUD applications. HUD systems enhance driver operation and improve driving safety by projecting key information directly into the driver's field of view—typically onto a transparent, reflective surface such as a windshield. In

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automotive AR-HUD applications, LCOS, as a reflective display technology, offers enhanced light transmittance and higher thermal resistance. This results in better performance and enhanced driver safety. With continued advancements in LCOS technology, our LCOS products have already achieved mass production and are being delivered for use in automotive AR-HUD systems.

Set forth below is an illustrative picture of our LCOS products applied in AR-HUD systems



We also continue to leverage our strong analog expertise to expand into broader automotive analog markets, such as CAN/LIN, SerDes, PMIC, and SBC, to provide a comprehensive solution. For example, we offer PMICs, which are critical for managing power distribution in advanced vehicle systems. Our PMICs are engineered to optimize power distribution, ensuring that energy is delivered precisely where and when it's needed across increasingly complex automotive architectures. Meanwhile, our MCUs provide the intelligence and control necessary to manage these power flows, enabling real-time decision-making and system responsiveness.

We believe our established technology capabilities, robust IP portfolio and long-term track record of providing feature-rich, comprehensive solutions to automotive manufacturers position us well to maintain a leading position and capture greater opportunities in the rapidly growing automotive market.

Medical

The market for endoscopic imaging solutions in the medical field is growing rapidly, driven by the increasing demand for minimally invasive diagnostic and therapeutic procedures. According to Frost & Sullivan, the global medical CIS market grew from US\$150 million in 2020 to US\$416 million in 2024, representing a CAGR of 29.1%, and is expected to reach US\$1,240 million in 2029, representing a CAGR of 24.0% from 2025. Technological advancements have also shifted the industry away from traditional components such as rod lenses, fiberscopes, and CCD image sensors, toward CMOS-based, chip-on-tip image sensors to reduce costs while enhancing performance.

We offer a complete, end-to-end medical imaging subsystem. This enables medical device manufacturers to focus on developing innovative core endoscope and catheter designs, while accelerating time-to-market and reducing overall development costs. Our advanced, patented medical

imaging solutions enable us to address the evolving technological demands of the medical field. One of the most pressing challenges facing the industry today is the risk of cross-contamination due to improperly cleaned reusable endoscopes. To address this critical issue, our CameraCubeChip® technology enables the development of single-use, disposable imaging modules for endoscopic and catheter-based procedures. The resulting solution offers a safe, hygienic, and cost-effective alternative to traditional high-cost, glass lens-based systems—without compromising on image quality.

Surveillance

Surveillance represents a broadly utilized vertical for CIS application, driven by the proliferation of intelligent ecosystems such as smart home, smart community, computer vision and smart manufacturing. CISs are used both in consumer applications, such as home security systems, doorbell cameras and motion activated cameras, as well as in large-scale applications, such as public transportation and office buildings. The CISs used in these applications are also advancing to higher sensitivity, lower power consumption, and built-in AI functionality, which are features that could be tailored to cater to specific needs of each scenario.

As consumers demand smarter and more capable home security solutions, the bar for performance in intelligent surveillance systems continue to rise. Our Nyxel® near-infrared technology, built on our PureCel®Plus pixel architecture, enables surveillance cameras to capture clearer, more detailed images at greater distances in low-light conditions, all while consuming less power. In addition, we deliver energy-efficient power management solutions and optimal interface protection products designed for surveillance applications. Our high-resolution, low-power, and high-sensitivity image sensors have earned market recognition for their performance and reliability.

Emerging Markets

Machine Vision. Machine vision simulates human visual perception through optical components, equipping automated production lines and industrial robots with environmental awareness. This enables them to respond in real time and perform highly precise tasks. The machine vision market has seen strong demand for 3D cameras and CIS as CMOS technology significantly simplifies the design and reduces the complexity of industrial cameras. Compact imaging solutions—including smart cameras—are easier to integrate and better suited for a wide range of industrial environments. To better align with the evolving needs of the machine vision market, we have established a dedicated machine vision division. This team will focus on developing innovative solutions for industrial automation, robotics, humanoid robots, logistics barcode scanning, and ITS.

Smart glasses. Emerging markets such as smart glasses hold significant growth potential, driven by global trends in smart technology adoption and the integration of VR into various industries. We support this growth by delivering imaging and sensing solutions to a global customer base. Our global shutter technology enables terminal devices to perform advanced functionalities such as eye tracking and SLAM. Our image sensor products, designed with compact size and low power consumption in mind, are well-suited to meet the specific requirements of smart glasses manufacturers. Furthermore, our LCOS products—offering high resolution, a compact form factor, low power usage, and cost-effectiveness—enhance the affordability and practicality of smart glasses solutions, further driving their adoption in these emerging markets.

Edge AI. Over the past decade, the rapid development of mobile networks and the widespread adoption of smart devices have been key drivers of significant innovation and growth in the

semiconductor market. The evolution of IoT and wearable electronics — into intelligent, multifunctional tools deeply integrated into daily life — has accelerated advancements in semiconductor technologies. With the rapid deployment of AI and AI enabled applications, this is accelerating the development and adoption of more intelligent terminal devices by consumers, such as smartphones, smartwatches and smart home devices that are embedded with AI capabilities. This is also driving strong growth in social media, entertainment and sport platforms— by way of examples— that relies heavily on leading digital technology, including the most advanced CIS technology to deliver enhanced user differentiated experiences.

OUR RECENT ACHIEVEMENTS SUPPORTED BY ADVANCED TECHNOLOGY CAPABILITIES

Leveraging strong foundation and deep expertise in core technologies, extensive IP portfolio, and manufacturing process platform developed in collaboration with leading global suppliers, we have created a comprehensive suite of leading, award-winning technologies. Below are the latest updates progress across various verticals.

In the smartphone CIS sector, we are the world's third largest smartphone CIS provider, with a market share of 10.5% based on revenue in 2024 according to Frost & Sullivan. Notably, we introduced the OV50X image sensor in April 2025 for flagship smartphones, which harness the capabilities of LOFIC to provide advanced single exposure HDR regardless of lighting conditions.

In the automotive CIS sector, we are the world's largest automotive CIS provider with a market share of 32.9% in 2024 based on revenue from automotive-related digital imaging solutions, according to Frost & Sullivan. The increasing prevalence of ADAS and autonomous driving has raised higher demands for LFM, HDR, and high-resolution image sensors. For example, the pulsed lighting of LED traffic lights poses a severe challenge to many imaging solutions, preventing ADAS and autonomous driving systems from correctly detecting illuminated traffic signs. We address this issue with TheiaCel® technology, which leveraged the functionality of next generation LOFIC and the reliable strength of our other proprietary HDR technologies (such as patented DCG technology). Our TheiaCel® DCG+LOFIC solution achieved a wider dynamic range in single-exposure HDR images.

Notably, our OX08D10 is our 8MP CIS with TheiaCel® technology, pre-integrated and validated with color tuning on the Snapdragon Ride™ Platform, Snapdragon Ride™ Flex SoC and Snapdragon® Cockpit Platform from Qualcomm Technologies, Inc. for new ADAS and AI-enabled connected digital cockpits. Following the successful launch of the OX08D10, we introduced the new OX05D10 5MP CIS with TheiaCel® technology, and the OX12A10 12MP-resolution CIS which is designed to meet next-generation ADAS and autonomous driving machine vision requirements. We further launched the new 3MP-resolution OX03H10 CIS – our 3.0µm pixel automotive viewing sensor with TheiaCel® technology

In the medical CIS sector, we launched the new OCH2B30 camera module in June 2024, for 3D intraoral dental scanners. As intraoral scanners gradually replace traditional dental impressions, we apply our mature technology from the medical endoscope field to intraoral scanners, providing ultra-small camera modules to promote their application in dentistry.

We established a new machine vision department in 2024. We released the OG09A10 in April 2024, our large-format global shutter solution for factory automation and ITS, based on our patented

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PureCel®Plus-S stacked-die architecture. We also released our total camera solution, comprising the OG02B10 color global shutter image sensor and OAX4000 ASIC ISP. In addition to the above, we introduced the OG05B1B and OG01H1B sensors with 2.2µm BSI pixels, and the OG02C10/1B, OG03A10/1B, and OG05C10/1B sensors with 3.45µm BSI pixels.

In terms of Edge AI, we launched the new OP03050 and the new OG0TC BSI global shutter image sensor in July 2024, enabling eye and face tracking in AR/VR/MR consumer headsets and glasses. This is our first application of proprietary DCG™ HDR technology in a 2.2µm pixel image sensor for the AR/VR/MR market.

OUR STRENGTHS

We are a global fabless semiconductor design company, distinguished by our broad spectrum of leading solutions, catered to our customers' specific needs

Broad product portfolio and extensive application-specific integrated solutions supported by a robust IP foundation

We are a global fabless semiconductor design company primarily focusing on advanced digital imaging, display and analog solutions for multiple applications and industries.

Our journey began with a focus on image sensors and ASIC products, which laid the foundation for our technological expertise. With 30 years of industry experience, we have built a strong, diversified product portfolio encompassing advanced digital imaging, display, and analog semiconductor solutions. Our robust and continuously expanding IP portfolio enables us to further enhance our existing business lines while strategically expanding into new verticals, ensuring sustained innovation and growth. Today, our solutions address a wide spectrum of applications, enabling us to serve a broader customer base and deliver greater value across industries.

As we build up an extensive suite of solutions, we are able to achieve significant synergies and efficiencies across our business lines, leveraging our strong and diversified IP portfolio. As of June 30, 2025, we held 4,761 authorized patents, including 4,552 invention patents, 205 utility model patents and four design patents, as well as 139 layout designs and 86 software copyrights. Our core IP catalog is focused on three aspects, namely image, interface and power management, all of which consist of modularized IPs which can be readily assembled into integrated solutions.

Building upon the strengths of our market position in the smartphone and automotive markets, we are expanding our portfolio of application-specific integrated solutions centered around CIS. For instance, in the automotive sector, we integrate our advanced digital imaging products with ISPs and ASICs. This enables us to process the signals captured by the sensors and deliver optimized data to support AI algorithms. As part of our broader strategy to enhance our integrated solution capabilities, we are also investing in PMICs and MCUs designed for automotive applications. These efforts allow us to offer more comprehensive system-level solutions, helping our customers streamline design processes while strengthening our value proposition and allow us to drive cross-selling opportunities.

Solutions catered to our customers' specific needs

Recognizing that every vertical has application-specific requirements that cannot be addressed by a one-size-fits-all solution, we have dedicated solution development teams that collaborate closely with supply chain partners and customers to understand their challenges and deliver a wide range of

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technology solutions. We maintain strong customer relationships by engaging with them at an early development stage, ensuring that our solutions align with their product roadmaps and are designed to meet their specific needs.

Industry position and brand recognition

Leveraging our broad product portfolio, established technological advantages and integrated solution capabilities, we are consistently increasing our market share and building our brand recognition and reputation. According to Frost & Sullivan, we are the third largest CIS providers, with a market share of 13.7%, the world's third largest smartphone CIS provider with a market share of 10.5% and the largest automotive CIS provider with a market share of 32.9%, by revenue in 2024. We are also a leader in the world to commercialize BSI technology for the CIS industry.

With accelerated growth in automotive CIS business driven by adoption of autonomous driving technology, we continue to enhance our position which, in turn, provides a strong feedback loop to our innovation capabilities.

Our market position reinforces our brand recognition and reputation, to attract top-tier customers and partners, further expanding our market reach.

Our technological advancement and innovation capabilities

We have established advanced technology expertise with robust patent portfolio, efficient R&D process and continuous innovation capabilities. As of June 30, 2025, we held 4,761 authorized patents, including 4,552 invention patents, 205 utility model patents and four design patents. The number of patents we hold is a testament to our focus on innovation and our strong technological capabilities, which enables us to design sophisticated advanced products, serve customers' evolving demands and further differentiates us from our competitors.

In addition, our highly efficient R&D process, supported by a dedicated team of 2,424 full-time research and development employees, enables us to accelerate product development cycles, quickly bring innovative solutions to markets, and consistently maintain our technological edge in our advanced digital imaging solutions, display solutions and analog solutions. To further improve the effectiveness of our technology and enhance quality control to supplement our outsourced testing processes, we have also established in-house final testing facilities, which enable us to obtain timely feedback on product performance, enhance the efficiency of our R&D process, and deliver improved innovation to our customers.

Our continuous innovation capabilities also enable us to capture emerging opportunities across multiple end markets, and underpin our sustained competitive advantages. We have successfully deployed our products and led technological advancements in various end markets, as described below:

Smartphone

We have developed a full suite of core technologies from pixel architectures to advanced image capturing technologies, along with our PureCel® and PureCel®Plus technologies for wafer-level camera modules. Through product differentiation and continued investment in research and development in recent years, we compete with major industry players with our advancing technologies for smartphone CIS for features such as pixel miniaturization and image resolution.

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Our OV50X, launched in April 2025, is an image sensor designed for flagship smartphones with TheiaCel® technology, which harnesses the capabilities of LOFIC to provide advanced single-exposure HDR regardless of lighting conditions.

Automobile

Leveraging our strong technological capabilities, we have developed a strong portfolio of products for the rising smart automotive industry, a sector characterized by high technical barriers and strict qualification and certification processes. With about 20 years of experience in servicing the automotive vertical, we offer a comprehensive suite of imaging solutions for ADAS, e-mirrors, surround-view cameras and other automotive viewing applications.

We are continuously driving innovation by developing next-generation solutions in the automotive space. We began mass production of our automotive CIS in 2005, introduced an automotive HDR SoC image sensor in 2008, and launched our first-generation Big Pixel technology in 2009. In 2018, we introduced our initial Depth of Field technology. Our OX01A, introduced in 2017, was among the first globally available sensors to deliver LED flicker mitigation at mass production scale.

We lead the market with deep expertise in emerging auto-related technologies, such as split-pixel technology which effectively mitigates LED flickers, and our proprietary HALE combination algorithm represents a solution to simultaneously achieving HDR and LED flicker mitigation performance, delivering high image quality for automotive viewing applications across all lighting and weather conditions.

In October 2024, we launched the OX12A10 12MP resolution CIS. It was our first 12MP image sensor to feature OMNIVISION's 2.1 μm TheiaCel® technology, which harnessed the capabilities of next generation LOFIC, together with OMNIVISION's DCG™ HDR technology, to eliminate LED flicker regardless of lighting condition.

Medical

We have developed products that integrate advanced image sensing and processing capabilities into single-chip solutions, based on our proprietary CameraCubeChip® technology. By innovatively combining wafer-level optics with CIS technology—while maintaining low-light sensitivity—we deliver ultra-small camera modules that offer outstanding performance in medical applications such as endoscopy.

Surveillance

For the surveillance sector, we have successfully developed the OS02H10 product based on our high quality NIR and ultra-low light technology, namely Nyxel®, built on our PureCel®Plus pixel architecture. Our Nyxel® NIR technology brings quantum efficiency to the product, significantly increasing NIR sensitivity and hence allowing our OS02H10 to see better and farther in low light while consuming less power.

Emerging Markets

For machine vision, we address the significant demand for 3D cameras and CIS by simplifying industrial camera complexity. To better adapt to this market, we established a new machine vision

department in 2024, focusing on solutions for industrial automation, robotics, logistics barcode scanners, and ITS. Leveraging our robust technical expertise in Nyxel®, BSI, and global shutter technologies, we introduced innovations to the industry.

Also smart glasses have high growth potential due to global trends in smart technology and VR integration. Our global shutter technology plays a key role in smart glasses applications such as eye tracking and SLAM. Our image sensor products, with their small size and low power consumption, are ideal for smart glasses needs, and our LCOS products further enhance economic adaptability and feasibility. Leveraging such technology capabilities, we launched the OG0TC BSI global shutter image sensor in July 2024, enabling eye and face tracking in smart glasses applications.

We deliver advanced image-system solutions designed for Edge AI applications, empowering our customers to stay at the forefront of imaging technology through our innovation and forward-looking solutions.

Long-term relationships with a robust customer base supported by products and solutions that demonstrate performance, achieve high cost efficiency, and accelerate time to market

With 30 years of dedication to technological advancement, our integrated image sensors and solutions are designed to provide high image quality and performance while maintaining cost efficiency. For example, with our breadth of analog product offerings, our customers can also tailor their designs with ready-made solutions, significantly shortening their time to market. In addition, we have long-term, deep relationships with global technology players and key ecosystem stakeholders, achieving brand awareness and strong market recognition globally. Our demonstrated track record of technology expertise, product offering, diversified product portfolio, on-time deliveries have built a strong brand recognition for us and enabled us to accumulate a broad blue-chip customer base across a variety of verticals. Our products have been widely adopted by many of the global smartphone OEMs and ODMs, automotive manufacturers, major notebook OEMs and ODMs, surveillance equipment makers, medical device companies, and a variety of consumer electronics brands. Notably, our solutions have entered numerous flagship smartphone models and premium automotive platforms from globally recognized names, underscoring our role as a trusted partner in driving innovation.

Enhanced performance

We integrate distinct functions into a single CIS, including image capture and processing, color processing, signal conversion and output of images for digital and analog equipment respectively. We have developed a number of proprietary technologies to enhance image quality by increasing our image sensors' sensitivity to light and significantly improving their signal to noise ratio. These methods allow us to reduce the size of each individual pixel and thereby increase the number of pixels in an image sensor without increasing its size or power consumption, hence achieving an optimal mix across various product features.

Cost efficiency

Our image sensors are designed to achieve a high level of functionality in a single chip while continually reducing the overall size of the device. Their functionality, coupled with their adaptability to be used in a wide range of applications, expands the market to which they are sold, and consequently optimizes our customers' production costs. This flexibility is further enhanced by our

diverse product mix, where our customers could select the right product according to their requirements—allowing for greater cost efficiency. Our strategic focus on cost efficiency is also embedded in our display solutions business. For example, the integration of display and touch into a single chip allows our customers to produce thinner and lighter display panels at a lower cost. Similarly, our analog products have a proven track record in addressing our customers’ common needs in a highly cost-effective manner. Moreover, the production processes of our products are designed to allow for efficient ramp up of production volumes to gain economies of scale and attain cost efficiency, the benefits of which are in turn passed on to our customers as well.

Accelerated time to market for our customers

The highly integrated nature of our image sensors simplifies the design of cameras and allows our customers to shorten their product design cycles. We also work closely with them to further reduce their time to market by providing camera reference designs, engineering design review services, customer product evaluation, as well as testing and debugging services. Leveraging our flexible design and high-quality, stable supply chain, our display solutions are also designed for easy deployment and qualification, and have helped leading panel manufacturers speed time to market.

Throughout the years, we have formed long-standing relationships with technology leaders across different verticals. To maintain and service our customers, we work closely with them from the early stages of their product development cycles, including strategic decision-making, new product design and replacement design to help them develop a logical technology migration path and to ensure that our products meet their future design needs. In this respect, our three principal business lines are synergistic and enable us to provide diversified technology solutions that enhance our value proposition to our customers.

Our long-standing partnerships and involvement throughout our customers’ product development processes further allow us to keep abreast of major innovation trends and developments, better understand and gain insights into our customers’ systematic requirements more efficiently and hence develop advanced solutions targeting the relevant industry’s unmet needs. Our distribution business helps us maintain close partnerships with an extensive range of OEM and ODM customers and further broadens our vertical outreach, which in turn contributes to the promotion of our own products. In addition, we are also able to gain deep visibility into customers’ technology roadmaps and foresight into industry trends, which inspire our R&D efforts, develop in-trend products and guide our M&A initiatives.

Through such proactive collaborations, we believe we can better anticipate customers’ future design needs and help them speed up their product development time, which in turn will better position us in pursuing further design wins.

A fabless model with scalable operations supported by our long-term partnerships with leading foundry partners

We adopt a fabless manufacturing strategy, which minimizes our capital requirements, optimizes operating expenses and accelerates our time to market. This in turn enables us to focus and devote our resources to developing our core competencies in research and development, technological innovation, and product design. Moreover, given that we have a diverse and expansive image sensor product portfolio, our products may have different manufacturing requirements, where certain

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sophisticated application-specific products may require more precise and advanced manufacturing capabilities. Our fabless model hence gives us the flexibility to partner with different reputable and reliable foundries according to our manufacturing needs, allowing us to tap into their existing facilities, leading manufacturing technologies, established production efficiency and quality assurance. This reduces our time to market and gives us a strong competitive advantage, particularly in the consumer electronics vertical where technology evolves rapidly.

To sustain this advantage, we have forged stable long-term relationships with leading global front and back-end manufacturing players worldwide. Our established market-leading position cements our role as a key client to our business partners, which has been a critical factor behind our ability to maintain a stable supply and resilient supply chain. In addition to outsourcing certain testing processes, our in-house final testing facilities allow us to establish an effective product-test-feedback loop, enhancing quality control and providing a capacity buffer in addition to outsourced testing processes.

We have an experienced and established team with strong industry and technical knowledge and expertise

We are led by a team with deep, long-term experience in the semiconductor industry, with an average of more than 20 years of relevant industry experience. Our management team holds a proven track record of operating in fast-paced, innovation driven cultures, has skillfully executed our business transition strategies, and has successfully led multiple major M&A transactions and the subsequent business integration.

Our chairman, Mr. YU Renrong, is widely recognized as a leader in the semiconductor industry. Owing to his strategic vision and deep market expertise, we have grown and developed into the global leading semiconductor company that we are today under his leadership.

We have deep technology expertise with a strong R&D focus. Our technology and R&D personnel account for nearly half of our total headcount, more than half of whom hold a master's or higher degree. We have a team of FAEs with strong technical expertise and service capabilities. They have an in-depth understanding of our products' features and performance and technical parameters, which allows them to help speed up adoption of our products in the market. With downstream electronic product manufacturers, our FAEs provide a variety of application solutions based on such customers' R&D needs, which helps reduce our customers' development costs and accelerates their own product development cycles. This allows customers to focus their resources on production and marketing, while also helps us better align our product development with actual market needs.

OUR STRATEGIES

Key elements of our strategy to solidify our position as a leading global fabless semiconductor company based on 2024 revenue, according to Frost & Sullivan, include:

Continued strong investment in R&D in key technologies to further enhance our innovation capabilities

Strong R&D investment remains a core strategic priority for our long-term growth. We continue to increase R&D efforts to ensure the leading advantage of our proprietary core technologies and to transform these core technologies into a product portfolio that meets broad market demand.

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We will increase investment in critical technologies, committing to the long-term technological advancement in advanced sensing technologies. We intend to maintain our leading position in advanced digital imaging technology, enhance our solution-based technologies across multiple applications, and continue to propel our innovation capabilities forward. Furthermore, we will continue to drive breakthroughs in display technology, upgrade our analog solutions portfolio, and actively integrate emerging technologies such as intelligence into the application of our core product portfolio.

We believe that a global leading talent team forms the foundation of our ability to continuously drive innovation in developing new technology solutions. We will continue to implement our talent strategy, recruiting semiconductor professionals with extensive industry experience around the world. In addition, we will attract and retain talent through comprehensive training and development programs, as well as competitive incentive mechanisms.

As a globally positioned semiconductor company, we will continue to establish R&D centers in close proximity to major customers worldwide, enabling us to comprehensively and promptly understand their needs and strategic plans, and to deliver high-quality technologies and solutions. Notably, our new R&D center in Lingang, Shanghai, which features specialized laboratories and dedicated clean rooms with advanced equipment such as clean bench and microscope for the design, testing and verification of microchips and other electronic components, is under construction and is expected to be put into use by the end of 2026. We believe this planned investment of RMB949.8 million, funded through a combination of our internal resources, bank borrowings and a part of proceeds from this Global Offering, will further enhance our R&D capabilities and competitive edge.

Deepen our presence in target markets, continuously enrich our product portfolio and solutions, optimize market opportunities, and further support and extend our market-leading position

We will develop our products and solutions to meet customers' current and future needs, offering a broad portfolio of high-quality, and cost-effective products while exploring additional applications in our target markets. At the same time, we will continue to explore downstream application scenarios and provide solutions across a number of verticals. Owing to the scalability of our platform-based technologies and products, we will continue to launch more advanced image and vision sensing solutions for various intelligent terminal devices, including medical, smart glasses and robots, and actively expand into other emerging markets such as industrial automation. In the automotive sector, we continue to drive innovation with image sensor solutions for comprehensive intelligent driving and intelligent cockpit applications, whilst enriching our portfolio of in-vehicle analog and display driver products. In consumer electronics, we will advance our strategy and utilize our advanced technological advantages to fully penetrate the market, iterating image sensors designed for mainstream smartphone models and action cameras, featuring higher MP, larger-sized optical format, HDR shooting and more functions.

As we continuously expand our product portfolio and application scenarios, our customer base will steadily grow. We will deepen long-term partnerships with global and leading customers and end-use customers across multiple verticals, actively engage in their product development cycles, and create more cross-selling opportunities to end customers. For example, we plan to leverage existing relationships with smartphone and notebook OEMs and ODMs to not only supply image sensors but also introduce complementary analog and display driver integrated circuits for high-refresh-rate devices. For automotive manufacturers, we aim to cross-sell in-vehicle analog chips and smart cockpit

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display solutions alongside our image sensing components used in ADAS and autonomous driving systems. Through these efforts, we aim to steadily increase our market share in global major verticals and among major customers.

In addition, we will continuously advance the integration of our business lines to achieve comprehensive product portfolio coordination and synergistic development in business planning, thereby driving cross-selling opportunities to our customer base and enhancing our global operational efficiency.

Specifically, our strong R&D investment and extensive product portfolio are enabling us to more comprehensively address our customers' increased requirements, particularly as system complexity grows. At the same time, we are able to leverage the collaborative strengths of R&D teams across business lines in project development and product definition, continuously improving R&D efficiency. In addition, we will also capitalize on other operational efficiencies in sales and marketing, as well as across our supply chain, further supporting our overall business performance.

Continue to strengthen our engagement and collaboration with key stakeholders across our network and ecosystem

As we broaden our product portfolio to extend our addressable end markets, our role across the ecosystem continues to grow. Deep relationships with players across our ecosystem is critical to our technological innovation and long-term success. We intend to continue to deepen our cooperation with key stakeholders, including our supply chain partners, downstream customers and end customers, as part of our strategic focus on delivering leading innovation to customers and operational efficiency across our platform. This includes strengthening customers relationships through early and substantive engagement, which, in turn, drives improved innovation across application scenarios.

Together, these capabilities will create a powerful pull-through effect, reinforcing our position as one of the top three players in the global CIS market while expanding our value proposition across our addressable market.

Selectively conduct industry chain integration and strategic mergers and acquisitions

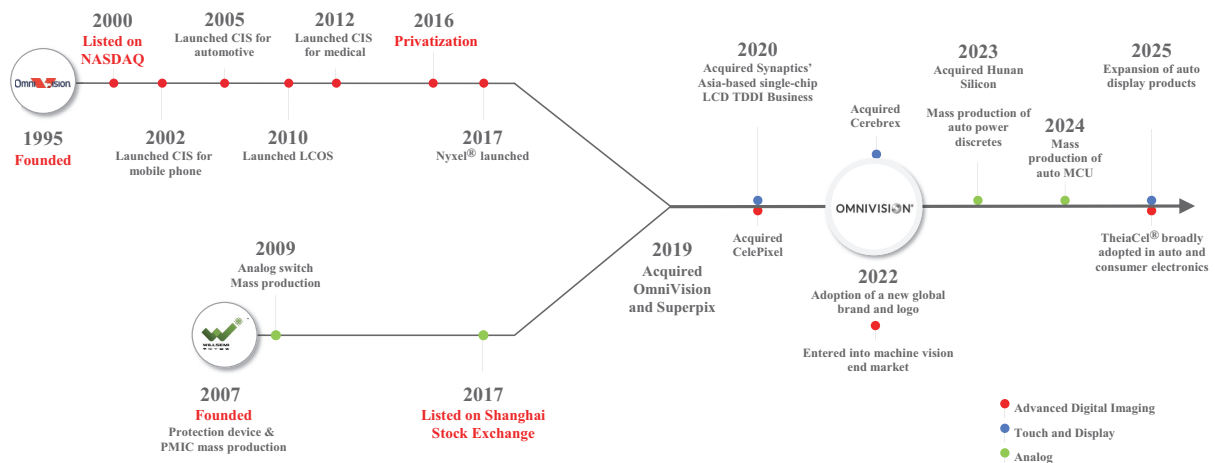
We will further expand our addressable markets through mergers and acquisitions (M&A) and investments, with a focus on targets that create synergies with our existing product portfolio and support horizontal expansion into emerging markets.

Building on our proven success in scaling operations through acquisitions, we will continue to seek and assess potential strategic M&A targets and industry consolidation opportunities that may allow the creation of strong synergy in terms of technology, intellectual property (IP), product and solution offerings, supply chains, customer bases, and long-term growth opportunities. For example, our acquisition of OmniVision Technologies in 2019 marked a significant milestone in our corporate development. The acquisition enabled us to integrate OmniVision's advanced imaging technologies into our existing resources, which enhanced our supply chain accessibility, strengthened our technological capabilities and provided a solid foundation for scaling up our production capacity. As another example, we acquired Hunan Silicon in March 2023, which specializes in mixed-signal IC designs, and TDDI business in 2020, both of which have enhanced our technological capabilities and synergies across our business lines.

OUR JOURNEY

Over the years, our business strategy has centered on identifying industries and customers with unmet needs, where our technology can address application challenges. This approach has enabled us to consistently innovate, refine, and apply our technological capabilities, driving organic growth and expanding our reach through strategic acquisitions. As a result, we have successfully evolved our business while maintaining a leading position in the semiconductor industry. In May 2017, we went public with our A Shares listed on the Shanghai Stock Exchange, marking a significant milestone in our growth. The acquisition in 2019 of OmniVision Technologies, one of the world's leading image sensor companies, further bolstered our market position and marked the beginning of a new era in our business development. In November 2023, we successfully listed GDRs on the SIX Swiss Exchange, enhancing our access to international capital markets. On June 11, 2025, we changed our corporate name to Omnivision Integrated Circuits Group, Inc. (豪威集成电路(集團)股份有限公司), which embodies our creative brand-led and world-leading digital imaging business, while also representing the deep heritage of our group. We believe our new corporate name represents a strong and distinct corporate identity, which comports with the trajectory of our corporate reinvention, which has always been on the intersection of business insight and technological innovation.

The following chart sets forth our key development milestones since our founding:

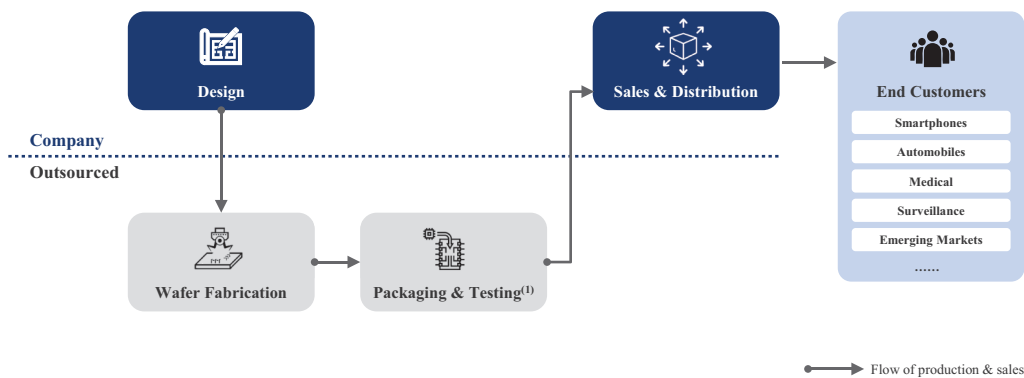


OUR FABLESS BUSINESS MODEL

We employ a fabless manufacturing strategy, allowing us to concentrate on the design and sales of semiconductor products and solutions while collaborating with world-leading suppliers for wafer fabrication, packaging, and testing. At the core of our business is semiconductor design, which involves the complex translation of design requirements and features into a specific physical circuit layout. Key steps in this process include system specification, code writing, circuit design, simulation and verification, after which our design is implemented through outsourced wafer fabrication, probe testing, packaging and other back-end processes.

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The flowchart below illustrates our fabless business model:



Note:

(1) We have established in-house final testing facilities, through which we are able to obtain timely feedback on product performance, and establish an efficient R&D iteration process.

We have maintained long-standing partnerships with world-leading foundries, collaborating closely to leverage their quality facilities. After completing a design, we submit the layout to our foundry partners for mask generation, which produces the photomasks. Once the photomasks are fabricated and verified, our designs move into the wafer mass production process. During this stage, the foundry transfers the circuit patterns from the photomasks onto the wafer die using advanced processes such as lithography, doping, sputtering, and etching to form the IC.

While we outsource both front-end and back-end manufacturing as well as packing processes, a majority of testing is conducted on our in-house final testing facilities, with the rest outsourced. This allows us to establish an effective product-test-feedback loop, which enhances quality control, strengthens our design expertise, and provides a capacity buffer in addition to outsourced testing processes.

We believe our fabless model significantly reduces capital requirements, operating expenses, and time to market. This enables us to focus our resources on advancing our core competencies in research and development, technological innovation, and product design, ensuring we remain at the forefront of the industry.

OUR KEY FINANCIAL DATA

We derive the majority of our revenue from our semiconductor design and sales business, delivering advanced digital imaging solutions, display solutions, and analog solutions for a wide variety of consumer and industrial applications, including in the automobile, smartphone, medical, surveillance and emerging markets.

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The following table sets forth a breakdown of our revenue among semiconductor design and sales business, semiconductor distribution business and others during the Track Record Period, both in amounts and as percentages of total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,					
	2022		2023		2024		2024		2025			
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%		
	(Unaudited)											
	(in millions, except for percentages)											
Advanced digital												
imaging solutions . . .	13,674.5	68.3	15,535.5	74.0	19,190.2	74.7	9,311.8	77.0	10,345.7	74.2		
Display solutions	1,470.5	7.3	1,250.4	6.0	1,028.2	4.0	471.7	3.9	459.4	3.3		
Analog solutions	1,262.4	6.3	1,154.4	5.5	1,422.0	5.5	634.5	5.2	766.9	5.5		
Semiconductor design and												
sales business	16,407.4	81.9	17,940.3	85.5	21,640.4	84.2	10,418.0	86.1	11,572.0	83.0		
Semiconductor distribution												
business	3,564.8	17.8	2,970.1	14.2	3,938.9	15.3	1,632.8	13.5	2,314.1	16.6		
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.5	42.8	0.4	58.0	0.4		
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0		

Note:

(1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fees in nature.

In 2022, 2023, 2024 and in the six months ended June 30, 2024 and 2025, revenue from sales of our CIS products accounted for 91.3%, 94.8%, 94.4% 94.1% and 94.3% of our revenue from advanced digital imaging solutions, respectively.

The following table sets forth a breakdown of our revenue from advanced digital imaging solutions by industry vertical for the periods indicated, both in amounts and as percentages of total revenue from advanced digital imaging solutions:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
(in millions, except for percentages)										
Revenue from advanced digital imaging solutions										
Smartphones	5,397.3	39.5	7,779.4	50.1	9,802.5	51.1	4,868.3	52.3	3,920.0	37.9
Automobiles	3,633.5	26.6	4,547.3	29.3	5,904.6	30.8	2,914.0	31.3	3,789.2	36.6
Healthcare	776.7	5.7	419.4	2.7	668.4	3.5	263.8	2.8	443.5	4.3
Surveillance	2,370.7	17.3	1,722.3	11.1	1,603.1	8.3	708.5	7.6	827.3	8.0
Emerging Markets/IoT	823.7	6.0	533.5	3.4	759.5	4.0	335.8	3.6	1,173.4	11.3
Others ⁽¹⁾	672.6	4.9	533.6	3.4	452.1	2.3	221.4	2.4	192.3	1.9
Total	13,674.5	100.0	15,535.5	100.0	19,190.2	100.0	9,311.8	100.0	10,345.7	100.0

Note:

Mainly for notebooks

The continued growth of our revenue in the smartphone vertical from 2022 to 2024 was primarily attributable to (i) the recovery of consumer electronics demand in the second half of 2023 from the downturn in the semiconductor industry in 2022, (ii) our proactive efforts to reduce inventories, and (iii) the successful launches of new smartphone models during this period. Our

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revenue in the smartphone vertical experience a decrease from the six months ended June 30, 2024 to the six months ended June 30, 2025, mainly due to (i) inventory digestion by our customers, (ii) fluctuations in market demand, (iii) our marketing promotion efforts in the emerging markets.

Our revenue in the automotive vertical has been increasing from 2022 to 2024 and increased for the six months ended June 30, 2025 as compared to the same period in 2024, primarily driven by the accelerated mass production and enhanced market penetration of our solutions for vehicles. The accelerated penetration of ADAS in the automotive market increased the number of cameras installed per vehicle, which in turn drove higher sales volumes, higher average selling prices, and rapid revenue growth for solutions used in vehicles.

Our revenue in the surveillance vertical has declined from 2022 to 2024, primarily due to weak market recovery of consumer-focused surveillance products and our strategical focus on the smart surveillance system targeted at enterprises and households, which has led to a decrease in revenue from traditional products. Our revenue from the surveillance vertical increased in the six months ended June 30, 2025 as compared to the same period in 2024, primarily attributable to concurrent recovery of both traditional surveillance market and smart surveillance market.

Our revenue from emerging markets/IoT dropped between 2022 and 2023 due to fluctuations in this industry, and then rebounded in 2024, primarily because our new products targeting this vertical were not launched until 2024, which, after introduction, met strong market acceptance and were put into mass production. Our revenue from emerging markets/IoT significantly increased from the six months ended June 30, 2024 to the same period in 2025, mainly due to the accelerated adoption of our products in intelligent terminal devices.

The table below sets forth the product shipping volume and average selling price by product line of our semiconductor design and sales business for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price
	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)
Advanced digital imaging solutions	1,023,622.9	13.36	1,145,699.5	13.56	1,194,806.5	16.06	576,730.7	16.15	627,914.4	16.48
Display solutions	80,363.1	18.30	132,860.7	9.41	155,232.3	6.62	67,789.9	6.96	72,555.6	6.33
Analog solutions	8,591,958.9	0.15	8,529,803.5	0.14	9,895,195.0	0.14	4,611,283.4	0.14	5,310,421.5	0.14

The shipping volume of our advanced digital imaging solutions has been steadily increasing from 2022 to 2024. The shipping volume of our display solutions experienced a marked increase year by year from 2022 to 2024. The shipping volume of our analog solutions slightly decreased from 2022 to 2023 and recovered in 2024. The shipping volume of our advanced digital imaging solutions increased in the six months ended June 30, 2025 as compared to the same period in 2024, primarily driven by the increased sales of solutions for vehicles and emerging markets/IoT. The shipping volume of our display solutions slightly increased for the six months ended June 30, 2025 as compared to the same period in 2024. The shipping volume of our analog solutions experienced a modest increase in the six months ended June 30, 2025 as compared to the same period in 2024.

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The average selling price of our advanced digital imaging solutions remained relatively stable in 2022 and 2023, increased in 2024, and also increased in the six months ended June 30, 2025 as compared with the same period in 2024, primarily due to (i) the accelerated market penetration of our solutions for smartphones, and (ii) a rapid growth of shipments of our high-value solutions for vehicles. The average selling price of our display solutions had been declining from 2022 to 2024 and from the six months ended June 30, 2024 to the same period in 2025, mainly due to a structural change of our product base toward a greater proportion of cost-efficient products in response to changes in market demand, which led to a declining average selling price while boosting shipment volume. The average selling price of our analog solutions remained relatively stable from 2022 to 2024 and from the six months ended June 30, 2024 to the same period in 2025.

We offer a comprehensive range of products, spanning high, mid, and low-end segments, and including both standardized offerings and highly customized solutions. During the Track Record Period, (i) the unit price of our products under advanced digital imaging solutions ranges between below RMB1.0 and RMB2,873.1, (ii) the unit price of our products under display solutions ranges between RMB4.4 and RMB59.2, and (iii) the unit price of our products under analog solutions ranges between below RMB1.0 and RMB88.5. The price of each product varies based on a mix of factors, such as (i) the type of product sold; (ii) the industry vertical in which the product is applied; (iii) the number of products the customer orders; (iv) the prior established business relationship between the Company and the customer; (v) estimated spending budget of the customer; and (vi) overall market supply/demand and competitive landscape, and the resulting cyclical fluctuation in the semiconductor industry.

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated, both in amounts and as percentages of our revenue from semiconductor design and sales business:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Direct sales:										
Revenue from semiconductor design and sales business . . .	6,608.7	33.0	7,951.0	37.9	10,169.1	39.6	4,797.3	39.7	5,071.2	36.4
Revenue from semiconductor distribution business:	3,205.4	16.0	2,673.6	12.8	3,566.4	13.9	1,502.6	12.4	2,074.1	14.9
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.4	42.8	0.3	58.0	0.4
Subtotal	9,882.1	49.3	10,698.5	51.0	13,863.0	53.9	6,342.7	52.4	7,203.3	51.7
Sales through distributors:										
Revenue from semiconductor design and sales business . . .	9,798.7	48.9	9,989.3	47.6	11,471.3	44.7	5,620.7	46.5	6,500.8	46.6
Revenue from semiconductor distribution business:	359.4	1.8	296.5	1.4	372.5	1.4	130.2	1.1	240.0	1.7
Subtotal	10,158.1	50.7	10,285.8	49.0	11,843.8	46.1	5,750.9	47.6	6,740.8	48.3
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

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Note:

- (1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fee in nature.

Our revenue from both channels under semiconductor design and sales business increased throughout the years ended December 31, 2022, 2023 and 2024 and from the six months ended June 30, 2024 to the same period in 2025, primarily driven by the strong growth of our advanced digital imaging solutions, in particular, products provided for smartphones and automotive applications.

The following table sets forth gross profit and gross margin of our semiconductor design and sales business by sales channel for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
							(Unaudited)			
(in millions, except for percentages)										
Semiconductor Design and Sales										
Direct Sales	1,781.4	27.0	1,719.3	21.6	3,229.1	31.8	1,461.2	30.5	1,672.8	33.0
Sales through										
Distribution	<u>2,674.8</u>	<u>27.3</u>	<u>2,189.4</u>	<u>21.9</u>	<u>3,661.4</u>	<u>31.9</u>	<u>1,760.6</u>	<u>31.3</u>	<u>2,216.2</u>	<u>34.1</u>
Total/Overall	4,456.2	27.2	3,908.7	21.8	6,890.5	31.8	3,221.8	30.9	3,889.0	33.6

Both channels under semiconductor design and sales business experienced a decline in gross and gross profit margin from 2022 to 2023, primarily as a result of the pricing pressure related to our inventory reduction process. Gross profit and gross margin in both channels later increased in 2024, mainly driven by the higher gross profit and gross margin of our advanced digital imaging solutions. Gross profit and gross margin also increased between the six months ended June 30, 2024 and 2025, mainly due to an increased proportion of vehicles and emerging market/IoT products we sold which had high margins.

We do not distinguish between direct sales and sales through distribution within our semiconductor distribution business, as it is inherently a distribution model. Products are priced and sold irrespective of whether our customers further resell them. The gross margin under both channels are identical as the pricing and cost structures are similar.

The table below sets forth the amounts and percentages of our revenue from within and outside Chinese Mainland for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Chinese Mainland ⁽¹⁾	3,353.7	16.7	2,920.3	13.9	3,844.4	15.0	1,610.9	13.3	2,200.4	15.8
Outside Chinese										
Mainland ⁽¹⁾	16,686.5	83.3	18,064.0	86.1	21,862.4	85.0	10,482.7	86.7	11,743.7	84.2
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.00	13,944.1	100.0

Note:

- (1) The revenues we report by geography are based on the location in which our reporting subsidiaries are located.

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The following table sets forth a revenue breakdown by product shipment destination for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Chinese Mainland	3,611.2	18.0	2,653.6	12.6	4,728.0	18.4	2,031.1	16.8	2,626.2	18.8
Hong Kong	13,636.3	68.0	15,287.9	72.9	17,724.2	68.9	8,329.7	68.9	9,614.7	69.0
United States	791.6	4.0	805.0	3.8	894.2	3.5	393.3	3.3	387.3	2.8
Other countries and regions ⁽¹⁾	2,001.1	10.0	2,237.8	10.7	2,360.4	9.2	1,339.5	11.0	1,315.9	9.4
Total revenue	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising Romania, Ireland, Japan, Germany, Sweden and 28 other countries and regions in Asia, Europe, North America and Oceania which, in aggregate, accounted for less than 5% of our revenue in each period of the Track Record Period.

From 2022 to 2024, our revenue derived from products shipped to Hong Kong, the United States and other countries and regions continued to increase. Our revenue derived from products shipped to Hong Kong for the six months ended June 30, 2025 increased from the same period in 2024, while revenue derived from products shipped to the United States and other countries and regions remained relatively stable. Our revenue from products shipped to Chinese Mainland decreased from RMB3.6 billion for the year ended December 31, 2022 to RMB2.7 billion for the year ended December 31, 2023 and rebounded to a higher level of RMB4.7 billion for the year ended December 31, 2024. Our revenue from products shipped to Chinese Mainland increased from RMB2.0 billion for the six months ended June 30, 2024 to RMB2.6 billion for the six months ended June 30, 2025.

During each period of the Track Record Period, revenue from sales of our products shipped to the United States accounted for less than 5% of our total revenue in each period. Overall, the geopolitical tension, trade restrictions and tariffs had not had a material impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

OUR ADVANCED SEMICONDUCTOR PRODUCTS AND SOLUTIONS

We are a globally recognized leader in developing and supplying advanced digital imaging, display, and analog solutions that enhance human/device interactions across the vehicles, smartphone, surveillance, medical, and emerging technology sectors. We are one of the top three players in the global CIS market by 2024 revenue, with a market share of 13.7%. According to Frost & Sullivan, we are the third largest CIS provider globally as well as the largest China-based CIS provider, and the top automotive CIS provider globally, by revenue in 2024. Our comprehensive portfolio of semiconductor products and solutions is designed to transform how people connect with and through devices—whether at home, at work, in the car, or on the go. Our offerings address our customers’ interface challenges, empowering them to deliver differentiated products. As we build up an extensive suite of solutions, we are able to achieve significant synergies and efficiencies across our business lines, leveraging our robust and diversified IP portfolio. Our core IP catalog is focused on three aspects, namely image, interface and power management, all of them being modularized IPs which can be readily assembled into integrated solutions. Furthermore, our three principal business lines are

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synergetic and enable us to provide diversified technology solutions to our customers, enhance our value propositions. In addition, we have in the past acquired or invested in additional assets, technologies or businesses that are complementary to our existing business. For example, we acquired Hunan Silicon in March 2023, which specialize in mixed-signal IC designs, and TDDI business in 2020, both of which have enhanced our technological capabilities and synergies across our business lines. Many of our customers apply our semiconductor products and solutions across their operations to ensure consistent, high-quality output and optimal experience for their end users. Our customers also typically expand their procurement from us to a wider range of solutions offered by our multiple business lines as they seek to leverage the efficiency and synergies across our diversified portfolio. For instance, one of our top five customers in each year/period during the Track Record Period, which accounted for over 20% of our revenue in each year/period during the Track Record Period, purchased products across all of our three business lines under the semiconductor design and sales business.

Our major products and applications are set forth in the diagram below.



The table below provides more details of the key product types offered in our three principal business lines:

Business Line	Product Type	Key Function	Primary Application
Advanced digital imaging solutions	CISs	Important components of digital cameras, converting optical signals to electrical signals	Consumer electronics, vehicles, medical, surveillance, smart glasses
	CameraCubeChip® products	Solutions that integrate wafer-level optical components and CISs using advanced chip-scale packaging technology, enabling image sensing, processing and single-chip output	Medical devices, IoT, eye tracking, smart glasses

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Business Line	Product Type	Key Function	Primary Application
Display solutions	LCOS products	Compact micro displays delivering low-power, high-speed and single-chip solutions	Wearable electronics, mobile displays, micro projection, vehicles, medical
	ASIC products	Supporting our CISs by bridging the cameras and the host; providing various solutions from USB/ parallel/serial ports to compression engine and low-power image processing	Vehicles, surveillance
	TDDI products	Single-chip solutions integrating display drivers and touch sensors; receiving image data output, powering LCD screen display and detecting touch signal to facilitate human/device interaction	Smartphones
	DDIC products	Powering and controlling the display panels	Smartphones
	TED	eDP TCON and source driver combined in a single chip for small and medium-sized display panels; achieves high-speed data transmission	Notebook
Analog solutions	TVSs	Improving the anti-static and anti-surge current capability of the whole system	Consumer electronics, surveillance, network communication, vehicles
	MOSFETs	Signal amplification, electronic switches and voltage control	Consumer electronics, surveillance, network communication, vehicles, industrial
	Schottky diodes	Power rectification, current steering and wave cutting	Consumer electronics, surveillance, network communication, vehicles, industrial
	LDOs	Over-current and over-temperature protection, precision reference, differential amplifiers and retarders	Consumer electronics, surveillance, network communication, vehicles
	DC-DC converters	Voltage regulation (power switch) and effectively suppressing the harmonic current noises on the grid side	Consumer electronics
	LED backlight drivers	Constructing constant current source circuits to ensure stable brightness of the LED backlight	Consumer electronics

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Business Line	Product Type	Key Function	Primary Application
	Analog switches	Switching signals and functions	Consumer electronics, surveillance, telecommunication, vehicles, industrial
	CAN chips	Enabling efficient implementation of reliable, fast, interoperable and flexible CAN protocol transmission networks	Vehicles, IoT, surveillance, industrial
	LIN chips	Constructing simple, low-cost local area networks that complement existing automotive networks	Vehicles, IoT, surveillance, industrial
	SBC	multifunctional chip that integrates characteristics such as power supply, communication, monitoring and diagnostics, and safety monitoring	Vehicles, IoT, surveillance, industrial
	MCUs	An intelligent semiconductor IC that consists of a processor unit, memory modules, communication interfaces and peripherals	Vehicles, consumer electronics

Advanced Digital Imaging

We are a leading player in the image sensor industry and have continuously invested in research and development to further enhance the performance and enrich the features of our image sensors, serving a wide range of consumer and industrial scenarios. According to Frost & Sullivan, we are the third largest CIS provider globally with a market share of 13.7%, as well as the largest China-based CIS provider, and the top automotive CIS provider globally with a market share of 32.9%, by revenue in 2024. Our selected advanced digital imaging products launched since 2022 are summarized below.

CISs

Our selected CIS products by application verticals are set forth in the table below:

Application verticals	Products
Consumer Electronics	OV50X, OV50M40, OV50H, OVB0B
Vehicles	OX12A10, OX05B, OX03D
Medical	OH02B
Surveillance	OS04D, OS03B10
Emerging Markets	OG0VE, OG0TB

OV50X. In April 2025, we launched the OV50X CIS for the smartphone applications, featuring high dynamic range, for movie-grade video capture. The OV50X is a 50 MP sensor with a 1.6 μm pixel in a 1-inch optical format designed for flagship smartphones that require HDR video and preview with single exposure, low-light performance, fast autofocus and high frame rates, demonstrating our strength in pixel miniaturization.

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OX12A10. In October 2024, we launched the OX12A10 12MP resolution CIS. It was our 12MP image sensor to feature OMNIVISION's 2.1 μm TheiaCel® technology, which harnessed the capabilities of next generation LOFIC, together with OMNIVISION's DCG™ HDR technology, to eliminate LED flicker regardless of lighting condition.

OV50M40. In August 2024, we launched a versatile 0.61 μm pixel CIS with 50-MP output, and features functions such as staggered HDR, dual analog gain HDR, and always-on for front, main, ultra-wide and telephoto cameras in smartphones.

OS04D. In March 2023, we launched the OS04D, a 4MP 2.0 μm 1/3-inch CIS built on our PureCel®Plus architecture that utilizes BSI pixel to provide ultra-low noise and overall better image quality with improvements of over 40% in sensitivity and 30% in SNR compared to its predecessor, while consuming 40% less power. With the ability to capture 2K resolution clear images and real-time, fast-moving HD video at 30 fps in low-light conditions, OS04D provides an ideal solution to address key needs of mainstream internet protocol and HD analog security cameras.

OV50H. In January 2023, we launched the OV50H, a 50MP 1.2 μm pixel 1/1.3-inch CIS that supports 12.5MP at 120 fps and HDR at 60 fps. It is our sensor that features H/V QPD, where the H/V mode ensures both horizontal and vertical orientations are in the same frame with 100% coverage, while QPD enables autofocus across the sensor's entire image array. This improves distance calculation, expedites autofocus and enhances low-light performance, thereby delivering premium image quality for wide and ultrawide rear-facing cameras in flagship smartphones.

OG0VE. In December 2022, we launched the OG0VE, a 3.0 μm pixel image sensor that delivers 640 x 480 resolution in 1/7.5-inch optical format. Built on our OmniPixel®3-GS technology, this high-sensitivity sensor comes in a package size of just 3.6mm x 2.7mm that is 26% smaller and 50% more power-efficient than its predecessor. OG0VE is designed to address the high market demand for the smaller and lower-power-consuming cameras for smart glasses devices, metaverse, drone, machine vision, and barcode scanner products.

OH02B. In November 2022, we launched the OH02B, one of the world's first 2MP CIS with a square 1500 x 1500 resolution for gastrointestinal, ENT, orthopedic, surgical, dental, and veterinarian reusable and disposable endoscopes, catheters, and guide wires. It leverages our PureCel®Plus-S stacked-die architecture to enable high resolution in compact form. It is autoclavable, generates very low heat, and is cost-effective for one-time use, which makes it ideal for single-use endoscopes.

OG0TB. In August 2022, we launched the OG0TB, a small sensor for eye and face tracking in AR, VR, mixed reality and metaverse consumer devices. With a package size of just 1.64mm x 1.64mm, this 2.2 μm pixel CIS delivers 400 x 400 resolution in 1/14.46-inch optical format at ultra-low power consumption, making it ideal for the smaller and lighter battery-powered wearable devices. Leveraging our PureCel®Plus-S architecture, OG0TB is a three-layer stacked BSI global shutter image sensors. It also features our Nyxel® technology to accurately capture fast-moving objects under low-light conditions.

OS03B10. In March 2022, we launched the OS03B10, our upgraded 3MP 1/2.7-inch CIS. Built on our advanced 2.5 μm OmniPixel®3-HS technology, the OS03B10 offers programmable modes as well as a full range of image control functions for easy use in surveillance, dashcams and other video

applications. Leveraging high-sensitivity frontside illumination for true-to-life color reproduction in both bright and dark conditions, it also demonstrates low-light sensitivity, SNR, full-well capacity, quantum efficiency and low-power consumption.

OX05B. In January 2022, we launched the OX05B, an automotive 5MP RGB-IR global shutter sensor for the fast-growing in-cabin monitoring market. With a pixel size of just 2.2 μm and based on our Nyxel® technology, it offers high NIR sensitivity for strong performance even in extremely low-light conditions. The OX05B also has a wide field of view and enough pixels to enable simultaneous driver and occupant monitoring, further reducing complexity, space, power and cost. It comes in a stacked package that is 50% smaller than competitive products. Our OX05B won the silver award at the 2022 AutoSens Awards for the Most Innovative In-cabin Perception Application.

OVB0B. In January 2022, we launched our award-winning OVB0B, a small 200MP image sensor with pixel size at just 0.61 μm for smartphone cameras. With its unique, industry's first 16-cell binning capability for 4K2K video, and ability to achieve 12.5MP performance in low light environments, the OVB0B delivers high resolution in a small package for smartphones with low-light performance in its class. The OVB0B was named the Silver Honoree in the 2022 Innovators Award hosted by Vision Systems Design.

OX03D. In January 2022, we launched the OX03D, a 3MP SoC imaging solution for automotive surround-view systems, rear view systems and e-mirror camera monitoring systems. Built on our PureCel®Plus-S stacked die architecture, the OX03D delivers leading image quality and high functionality with low power consumption and minimal chip size. By integrating both the image sensors and the image signal processors into a single chip, it helps auto manufacturers to save on both cost and space.

CameraCubeChip® products

OCH2B. In November 2022, we launched the OCH2B, a 2.5mm x 2.5mm CameraCubeChip® package that features our OH02B CIS to deliver high image quality for disposable endoscope designs. OCH2B is biocompatible and waterproof. It features our proprietary AntLinx™ interface, which provides a thin 4-meter interface connection directly from the endoscope camera to the camera control unit tower, which reduces size and design complexity.

LCOS products

OP03050. In January 2024, we launched the OP03050, a low-power, small form factor LCOS panel that integrates the LCOS array, driving circuit, framebuffer and interface in a single chip. The OP03050 provides a high-resolution, immersive experience for real-time video conferencing and streaming when used in AR, XR and MR glasses and head-mounted displays.

OP03011. In May 2023, we launched the OP03011, an ultra-compact single-chip LCOS panel for next-generation AR, extended reality and mixed reality glasses and head-mounted displays. This 3.8 μm pixel LCOS panel delivers 648 x 648 resolution at 120 Hz in extremely small 0.14-inch optical formats. Its low-power, lightweight design is ideal for next-generation smart glasses that can be worn for a prolonged period.

ASIC products

OAX4600. In May 2022, we launched the OAX4600, a next-generation AI-enabled ASIC designed for automotive applications. The OAX4600 integrates a unique set of features developed specifically for the in-cabin monitoring systems, and its small size and low power provide OEMs and ODMs with the flexibility to place the camera at any location within the car, regardless of space constraints. Built on a stacked die architecture, it provides integrated RGB-IR image signal processing with two dedicated NPUs and 2 Gb of embedded memory in a single low-power, small-package chip to ensure robust, latency-free image processing. Our OAX4600 won the silver award at the 2022 AutoSens Awards for the Hardware Development of the Year.

Display Solutions

We have been constantly driving technology iterations in the industry and released a series of new products to address evolving market needs for enhanced functionalities, such as higher refresh rates and better touch performance. Our proprietary display solutions support appealing features such as ultra-narrow frame, high screen-to-body ratio, and low-power consumption.

OD5160. In January 2024, we launched OD5160, our T-CON embedded driver IC for next-generation notebook display.

TD4165. In January 2024, we launched TD4165, fine HD 120Hz TDDI for smartphone LCD displays.

TD4376. In January 2024, we launched TD4376, FHD 144Hz TDDI for smartphone LCD displays. In addition, we have witnessed an increased utilization of OLED displays in a wide variety of consumer electronics, such as smart watches, tablets and PCs. The growing popularity of OLED panels is attributable to their thinner and lighter design, improved image quality and brightness, faster refresh rates, and lower power consumption, among other advanced features. A key driver of this booming market is the industry's increasing investments in AMOLED, a type of OLED display built on the thin-film technology and known for its outstanding performance and adaptability to larger screens. To address this significant unmet demand, we have developed a series of display drivers with a focus on OLED for smartphones. We are also collaborating closely with leading panel makers across China for OLED product development in smartphone and other consumer electronics.

OD6631. In January 2024, we launched OD6631, FHD 144Hz AMOLED driver for smartphone displays.

Analog Solutions

We design and market analog solutions for a wide range of end-market customers. Our analog products primarily include PMICs (such as LDOs and DC-DC converters), LED backlight drivers and analog switches, as well as discrete semiconductors. Discrete semiconductors include components such as TVS diodes, MOSFETs, Schottky diodes, and a variety of other singular-function devices. These components typically perform individual electronic functions such as voltage regulation, surge protection, power conversion, rectification, switching, mixing, and amplification. They are widely used across applications in computers, tablets, smartphones, telecommunications equipment, transportation systems—including EVs—as well as portable medical electronics. See “Industry Overview—Overview of the Discrete Semiconductors Market” for more details on the discrete

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semiconductors market. These can be integrated into an extensive range of applications, including televisions, digital signage, smartphones, wearable devices, computers, PCs, tablets and other consumer electronics and appliances, as well as industrial applications such as power suppliers, e-bikes, LED lighting and motor drives.

PMICs. PMICs are IC for power management. Our advanced PMICs enable energy-saving, high-power-density and lower-standby-power solutions. Our portfolio of PMICs covers a variety of applications in consumer electronics, vehicles, and IoT, as integrated components helping manage battery power charging, DC-DC conversion, voltage scaling, and many other uses.

We develop LDOs with a high frequency band (100k to 1MHz) that retains our signature outstanding product performance with low power consumption, providing a desirable domestic alternative to imports. We also offer a wide range of LDOs that are used across various applications including televisions, set top boxes, computers, graphic cards, network communication equipment and other portable electronic devices. We also offer DC-DC converters targeting mobile applications and high power applications such as televisions, PCs, smartphones, set-top boxes and display modules. We expect our DC-DC converters will meet customer's green power requirements by featuring wide input voltage ranges, high efficiency and small size.

LED backlight drivers. LED backlighting drivers serve the fast-growing LCD and LED panel backlighting market for LCD and LED televisions, LCD monitors, digital signage, computers, smartphones and tablets. Our products are designed to provide high efficiency and wide input voltage range, as well as pulse width modulation dimming for accurate white LED dimming control. LED lighting drivers have a wide input voltage range applicable to incandescent bulb and fluorescent lamp replacement.

Analog switches. Analog switches are semiconductor devices capable of selectively transmitting analog signals and routing analog signal paths. We provide analog switches with high efficiency and low power consumption for consumer electronics, surveillance, telecommunication, automotive and industrial applications.

TVSs. TVSs are avalanche diodes specially designed to clamp over voltages and dissipate high transient power surges. TVS devices enables stability over time for better reliability.

MOSFETs. MOSFETs are used in applications to switch, shape or transfer electricity under varying power requirements. They allow electronics manufacturers to achieve specific design goals of high efficiency and low standby power consumption. The key application segments are smartphones, wearable devices, automobiles, televisions, computers, laptops, tablet, servers, lighting and power supplies for consumer electronics and industrial equipment.

Schottky diodes. Schottky diodes are semiconductor diodes formed by the junction of a semiconductor with a metal. It has a low forward voltage drop and a very fast switching action, and is used in a myriad of applications, including devices for voltage clamping, reverse current and discharge protection.

OUR SEMICONDUCTOR DISTRIBUTION BUSINESS

Semiconductor distribution is a key area of expertise for us, complementing our semiconductor products and solutions. We have built a large semiconductor distribution network in China, which not

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only broadens and deepens our customer engagement but also provides valuable insights into next-generation product development. These insights enable us to refine our solutions further, anticipate evolving customer needs, and deliver offerings that align with market demands. Through this network, we strengthen our position as a trusted partner in the semiconductor ecosystem. More specifically, our distribution business helps us maintain close partnerships with an extensive range of OEMs, ODMs, and semiconductor solution providers. In addition, we also distribute products to downstream distributors. This further broadens our vertical outreach, which contributes to the promotion of our own products. We are also able to gain deep visibility into customers' technology roadmaps and foresight into industry trends, which inspire our R&D efforts, develop in-trend products and guide our M&A initiatives.

The semiconductor components we distribute primarily include electronic components, structural devices, discrete semiconductors, IC, and modules, procured from world-class semiconductor suppliers and leading players in both domestic and international markets, used in smartphones, household appliances, surveillance, smart wear, industrial equipment, power management, and automotive components. With more than 15 years of experience in semiconductor distribution, we have developed an extensive sales support and distribution network, fostering close relationships with key electronics manufacturers. Additionally, we have cultivated strong business partnerships and nurtured long-term collaborations with internationally renowned upstream suppliers and downstream customers.

Notably, to support our distribution business, we maintain a highly trained team of product managers and field applications engineers. This team is equipped with extensive strategic marketing expertise and a keen ability to identify emerging market trends. Additionally, we provide comprehensive technical support and assistance to both potential and existing customers, ensuring the integration of our solutions into their products. We believe that the depth and quality of this design support are key to improving customers' time to market and maintaining a high level of customer satisfaction. See “—Branding and Marketing—Sales and Marketing/Customer Technical Support” for more details.

Our semiconductor distribution business contemplates a buyer/seller relationship rather than a principal/agent relationship, which is a common practice in the industry. We act as a seller when rendering semiconductor distribution services to our customers, which consist of OEMs, ODMs, and semiconductor solution providers. We recognize revenue on the semiconductor products we distribute when our performance obligations are satisfied, meaning at the point of delivery of products when we transfer control of a product to a customer. Our revenue from the semiconductor distribution business is recognized on a gross basis, net of discounts and return allowances. In 2022, 2023, 2024 and in the six months ended June 30, 2025, we distributed products to 216, 224, 226 and 159 downstream distributors which generated revenue for our semiconductor distribution business, the amount of which was not material for our semiconductor distribution business during the Track Record Period. Such downstream distributors were independent third parties.

APPLICATIONS OF OUR SEMICONDUCTOR PRODUCTS AND SOLUTIONS

Our advanced digital imaging, display, and analog solutions are designed to serve a wide range of applications across multiple industries. We provide innovative solutions that empower mission-critical applications in key verticals, including automobile, smartphone, medical, surveillance, and emerging technologies such as smart glasses.

Smartphones

Advanced digital imaging solutions empower smartphone manufacturers to deliver professional-grade cameras to consumers, meeting the growing demand for high-quality photography. Today, more than ever, consumers rely on their smartphone cameras to capture and share life's special moments—whether it's selfies with friends, children's birthday parties, sporting events, travel adventures, or countless other experiences. As smartphones increasingly replace standalone cameras as the go-to choice for photography, the expectations for imaging technologies have risen significantly. Meanwhile, our continued dedication to offering industry-leading display and analog solutions drives our continued investment in advancing our technologies in this vertical.

Digital imaging

Our advanced image capturing technologies allow users to capture high-quality still images and videos while maintaining high standards of performance. We have developed a full suite of core technologies from pixel architectures to image capturing technologies, along with our PureCel® and PureCel®Plus technologies for wafer-level camera modules.

We are developing high resolution image sensors which are widely used by renowned smartphone brands for their flagship models, while striving to sharpen our competitive edge in pixel miniaturization and image resolution. Our front facing selfie camera sensor, for example, delivers professional quality, high-resolution selfies in both natural and low-light conditions. Offering a robust combination of performance, features and power consumption, our telephoto camera solutions exceed the need of smartphone-based photographers. Our wide angle technology allows photographers to be more versatile and editors to increase post-production efficiency.

Display and power management

We have developed a series of display driver chips specifically designed for smartphone OLED displays. Our innovative OLED DDIC products have been tested and approved by leading panel suppliers in China. As battery capacity and fast-charging technologies continue to advance rapidly in smartphones, our analog power management solutions help customers address critical challenges related to power density and efficient power delivery.

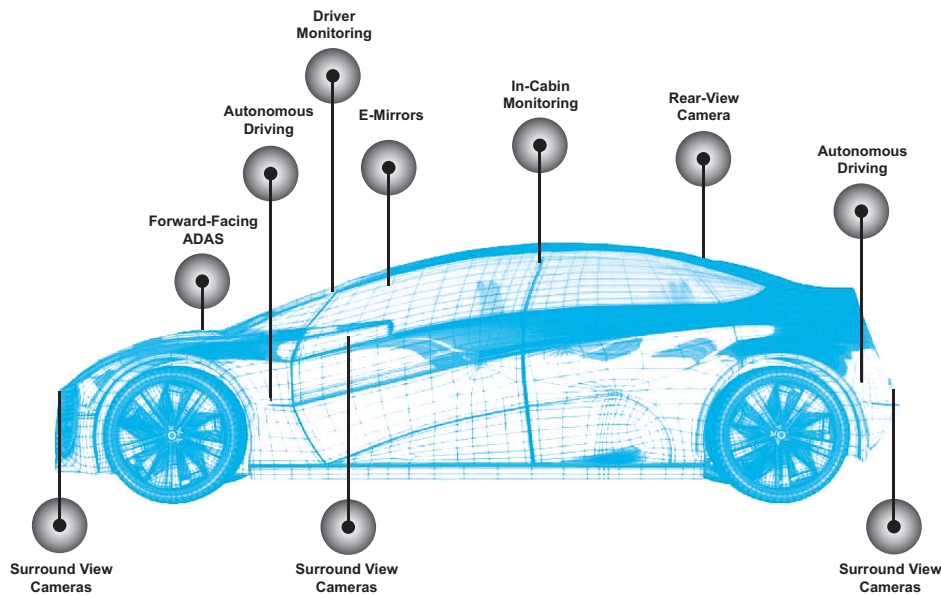
Automobiles

The automotive industry is undergoing a significant transformation, with next-generation vehicles evolving into intelligent, electronic platforms that are not only autonomous but also serve as integrated hubs for entertainment and information. As a result, the market for automotive image sensors has witnessed substantial growth in recent years—a trend expected to persist in the foreseeable future. This growth is being driven by the increasing adoption of advanced technological applications and the implementation of global legal mandates, both of which are driving higher attach rates for image sensors in vehicles.

Beyond the sensing and viewing applications of traditional rear view cameras, the demand for all-around interior and exterior monitoring and viewing capabilities has also become a necessity. Through the development and implementation of ADAS and in-cabin monitoring systems, cars are expected to advance in safety and reliability.

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Our robust and compact CISs are designed from the start with automotive market needs in mind to deliver industry-leading image quality and are a proven industry mainstay. Automotive sensing and viewing/display are two main applications of our solutions for vehicles.



Usage of CIS solutions in smart vehicles

Automotive sensing applications

Our digital imaging solutions are used in various automotive sensing applications, with a focus on ADAS and in-cabin monitoring.

ADAS are imperative in providing autonomous driving experience as well as precise vehicle intervention in minimizing potentially fatal accidents. Image sensors have become a critical component in ADAS systems, notwithstanding their increasing integration with a blend of other sensors and capabilities, such as radar, LiDAR and vehicle-to-vehicle systems. Working in union with adaptive cruise control and autonomous emergency braking systems, our ADAS sensors are “eyes on the road” helping to communicate a safe way for a vehicle to respond and function. Operating in conjunction with a vehicle’s existing long-range radar in regulating speed and enacting braking systems, our ADAS sensors help systems engage in peripheral protection, lane-keeping balance and lane-departure recognition. Vehicles equipped with traffic sign recognition and auto-headlamp adjustment rely on our ADAS sensors to assist in recognizing lighting levels and initiate speed limit alerts as well. For the fast-growing in-cabin monitoring market, we offer AI-enabled, automotive ASIC optimized for DMS systems, which are also designed for other automotive applications such as occupant detection, FaceID, and driver-comfort settings. In addition, our RGB-IR image sensor offers value with high sensitivity across all in-cabin lighting conditions as well and can enable functionality like video conference calling. These features allow OEMs and ODMs the ability to build in luxury value at the entry-level to the mass market. To complement our sensor portfolio, we also offer dedicated ASICs which target DMS applications.

In September 2023, we launched the OX08D10, an 8 MP CIS featuring our proprietary TheiaCel[®] technology. This sensor was pre-integrated and validated with advanced color tuning for

next-generation ADAS and AI-enabled digital cockpit applications. Building on the success of the OX08D10, we introduced the OX05D10, a 5 MP CIS also based on TheiaCel® technology. It delivered LED flicker mitigation (LFM) without compromising image quality, making it ideal for automotive applications where HDR, low-light performance, and LFM are critical.

In October 2024, we launched the OX12A10, a 12 MP CIS — the high-resolution product in our 2.1 μm TheiaCel® family. The OX12A10 combined high resolution with low-light performance, LED flicker mitigation, compact size, power efficiency, and high-temperature performance. It was specifically designed to meet the demanding requirements of next-generation ADAS and autonomous driving machine vision systems. Also introduced was the OX03H10, a 3 MP CIS — an automotive viewing sensor with 3.0 μm pixels built on TheiaCel® technology. Leveraging the LOFIC architecture, the OX03H10 offered outstanding low-light performance and achieved a full 140 dB dynamic range with a single exposure, while delivering enhanced LED flicker mitigation. With these introductions, we expanded our TheiaCel® technology platform, now offering four sensors with resolutions ranging from 12 MP to 3 MP, giving our customers greater flexibility to select the optimal solution based on their specific system requirements.

In April 2025, we launched the OX01N1B CIS for in-cabin automotive DMS which utilizes our Nyxel® NIR technology. It is a 1.5 MP RGB-IR or monochrome BSI global shutter sensor with a pixel size of 2.2 μm and an optical format of 1/4.51-inch. The OX01N1B has strong low-light performance, a high modulation transfer function for better image quality and resolution, low power consumption, and an optical format that enables extremely compact camera module design.

Automotive viewing and display applications

Featured applications of our digital imaging and display solutions include rear and surround view cameras, e-mirrors and HUDs.

Our ability to deliver enhanced surround-view solutions to automotive OEMs and ODMs is rooted in enhancing both safety and value. A 360-degree surround-view system utilizes cameras mounted on each side of the vehicle, coordinated by a central processing unit to generate an aerial view. This technology plays a critical role in enabling parking assistance features and providing comprehensive blind-spot monitoring, ensuring a safer and more convenient driving experience. We offer a wide range of sensor solutions for these application areas, ranging from 1MP image sensor to 3MP image sensor and covering higher performance up to 140 dB HDR and LED flicker mitigation. For rear view camera use case, we offer distortion correction and overlay capabilities. We also offer a range of ASICs which complement these image sensors and can cover a range of architectures.

We specialize in image sensors and ISPs that capture and process high-quality images for a more natural scene reproduction, in spite of any extreme weather or lighting obstacles and over the automotive temperature range. In addition, due to the amount of back-over incidents per year, global mandates are increasingly requiring vehicles to come standard with rear view camera implementation. Furthermore, our high performing solutions also support innovative e-mirror technologies used in vehicle-to-vehicle communication.

We also provide LCOS products, which are essential in empowering HUD applications. HUDs have also been used in vehicles to project information directly into the user's field of vision, usually on transparent and reflective surfaces. Our LCOS reflective projection technology enables improved light transmission and higher heat resistance, hence ensuring enhanced HUD performance and driver safety.

Set forth below is an illustrative picture of our LCOS products applied in AR-HUD systems



Surveillance

Driven by the emergence of the IoT, surveillance cameras are no longer limited to large-scale applications such as public transportation and office buildings and other large-scale scenarios. Instead, they have become an integral part of smart homes. Our Nyxel® NIR technology, built on our renowned PureCel®Plus pixel architecture, allows surveillance cameras to see better and farther in low light while consuming less power. Meanwhile, we continue to deliver advanced energy-efficient power management solutions, as well as top-tier interface protection products, designed for surveillance applications.

Ensuring safety and security in the home remains a top priority, whether for personal protection or property surveillance. As smart home monitoring systems become increasingly essential, our high-resolution, low-power, and highly sensitive image sensors are ideally suited to meet the demands of this growing market. These sensors excel in applications such as indoor security cameras, indoor webcams, and smart doorbells, showcasing our ability to empower innovative and reliable smart home monitoring solutions.

Medical

The medical markets for endoscopic imaging solutions are growing rapidly, driven by a need for minimally invasive diagnostic and therapeutic procedures, socioeconomic trends such as an aging population, and rising medical costs that are pushing procedures back into the physician's office and beyond, through telemedicine for remote health monitoring. Technological developments have also gradually moved the industry away from rod lens, fiberscope and CCD image sensors and toward CMOS-based, chip-on-tip image sensors to reduce costs as well as increase performance. Single-use endoscopes and catheters also have proven advantages over reusable devices that have potential cross-contamination risk.

We offer industry-leading advanced digital imaging solutions across the spectrum of endoscopy and catheter procedures. Our comprehensive medical imaging solutions continue to lead the way and

meet the ever-expanding technological needs of the medical industry. In November 2020, we launched OVMed® Cables, a line of medical endoscope, catheter and dental cables, to create a platform in combination with our portfolio of CameraCubeChip® wafer-level camera modules and OVMed® image signal processors boards. This addition makes us one of the industry's first suppliers of complete, end-to-end medical imaging subsystems, enabling medical device OEMs and ODMs to focus on differentiating their core endoscope and catheter designs, while accelerating time to market and obtaining a competitive materials cost. In November 2022, we introduced our proprietary AntLinx™ digital interface, a next-generation CMOS chip-on-tip endoscopy interface. AntLinx™ reduces interface conversion requirements and its high noise immunity ensures high-quality image delivery. In November 2023, we launched our new OVMed® ISP for up to 2 MP medical endoscope cameras, which are easy-to-implement solution for reusable and disposable endoscopes connected to handheld tablet consoles or camera control units.

Emerging Market

Machine vision, smart glasses and Edge AI are emerging as high-growth markets, driven by increasing adoption across industries such as education, entertainment, tourism, fitness, gaming, industrial automation, robotics, humanoid robots, logistics and barcode scanning, and ITS.

Machine Vision

In 2024, we launched a new machine vision department, underscoring our ability to advance industrial automation and intelligence and to align with the evolving needs of the machine vision market. Machine vision simulates human visual perception through optical components, equipping automated production lines and industrial robots with environmental awareness. This enables them to respond in real time and perform highly precise tasks. The machine vision market has seen strong demand for 3D cameras and CISs, as CMOS technology significantly simplifies the design and reduces the complexity of industrial cameras. Compact imaging solutions—including smart cameras—are easier to integrate and better suited for a wide range of industrial environments. Machine vision plays a pivotal role in applications such as smart warehousing, logistics, and automated inspection systems. Leveraging our robust technical expertise in Nyxel®, BSI, and global shutter technologies, we will focus on developing innovative solutions for industrial automation, robotics, humanoid robots, logistics barcode scanning, and ITS.

In 2024, we launched the OG09A10, our large-format global shutter CIS designed for factory automation and ITS. The OG09A10 is a 9 MP global shutter sensor with a 1-inch optical format, featuring a 3.45 μm pixel built on our patented PureCel® Plus-S stacked-die architecture for outstanding performance. The sensor also integrates our Nyxel® NIR technology, enabling sharp, clear imaging even in low-light environments. With DCG™ HDR, it delivers extended dynamic range, low noise, and artifact-free images — making it ideal for machine vision applications that require capturing high-speed moving objects in challenging lighting conditions.

We also introduced a complete camera solution consisting of the OG02B10 color global shutter image sensor and the OAX4000 ASIC ISP. The OG02B10 is a 2 MP global shutter sensor based on our advanced 3 x 3 μm OmniPixel®3-GS global shutter pixel technology, which eliminates motion blur and significantly improves low-light sensitivity. The OAX4000 ISP supports up to four camera modules with 140 dB HDR, enhancing overall system reliability. This solution enables simultaneous capture of high-resolution color images from four cameras, with the ISP acting as a backend engine to support more advanced AI functions. It has been validated for use in machine vision applications.

In addition, we expanded our portfolio with a series of ultra-compact global shutter sensors for machine vision, including the OG05B1B and OG01H1B with 2.2 μm backside-illuminated (BSI) pixels, and the OG02C10/1B, OG03A10/1B, and OG05C10/1B with 3.45 μm BSI pixels, offering high resolution in small form factors. These sensors deliver high shutter efficiency, high frame rates, enhanced light sensitivity, low noise, and enhanced NIR quantum efficiency, resulting in enhanced performance in low-light conditions — all while accurately capturing fast-moving objects.

Smart glasses

The demand for smart glasses is growing and the market continues to find new ways to leverage AR/VR capabilities. Recent use cases show great potential across many different industries, including entertainment and health care. AR/VR is transitioning from the technology validation phase to the large-scale penetration phase, culminating with smart glasses. We continue to assist that growth by providing viewing and sensing solutions to a global audience.

Applications in smart glasses are highlighted by our capability to empower global shutter cameras for eye tracking and SLAM. With smart glasses, eye tracking and efficient processing is imperative. Reducing and eliminating image artifacts is a necessity in providing end users with high-quality experiences and product satisfaction. Our use and continued development of global shutter technology capabilities fulfill that demand. Alongside our global shutter technology, our compact sensors include an low-light sensitivity solution, which is needed in gesture detection, depth and motion detection and head and eye tracking. Similarly, our global shutter technology allows greater clarity and accuracy by eliminating image artifacts and improving low-light sensitivity within SLAM applications. Leveraging such technology capabilities, we launched the OG0TC in July, a BSI global shutter image sensor for eye and face tracking in smart glasses applications. Notably, we expect the use of LCOS micro display, which solves the problem of visual pixelation, to play an increasingly important role in making smart glasses more viable. As such, in May 2023, we launched the OP03011, an ultra-compact single-chip LCOS panel for next-generation AR, extended reality and mixed reality glasses and head-mounted displays.

Edge AI

As the semiconductor industry continues to evolve in response to the growing demand for intelligent, real-time data processing, Edge AI applications are emerging as a key growth driver. Building on the rapid development of mobile networks and the widespread adoption of smart devices over the past decade, semiconductor companies are now at the forefront of enabling AI capabilities directly at the edge—within devices such as smartphones, automotive systems, smart glasses, and IoT platforms. This shift toward decentralized AI processing allows for faster decision-making, improved privacy, and reduced reliance on cloud infrastructure. The evolution of smartphones into powerful, AI-enabled platforms has set the stage for broader adoption of Edge AI across industries, particularly in next-generation vehicles where low-latency sensing and processing are critical for autonomous driving and ADAS. Additionally, the integration of CIS with Edge AI capabilities is transforming user experiences in social media, entertainment, and sports platforms by enabling real-time image enhancement, gesture recognition, and immersive content creation. For semiconductor companies, this represents a strategic opportunity to deliver optimized, system-level solutions—including application-specific image sensors, AI accelerators, and power-efficient SoCs—that not only meet the performance demands of Edge AI but also enable differentiated, value-added features across a wide range of consumer and industrial applications.

In July 2024, we launched the new OP03050 and the new OG0TC BSI global shutter image sensor, enabling eye and face tracking in AR/VR/MR consumer headsets and glasses. This is our first application of proprietary DCG™ HDR technology in a 2.2 μm pixel image sensor for the AR/VR/MR market.

OUR PIXEL ARCHITECTURE AND TECHNOLOGY PORTFOLIO

Building on our renowned pixel architectures (which refers to the design and layout of individual pixels in an image sensor or display, defining how light is captured or emitted at the smallest unit – the pixel), we have developed an extensive array of industry-leading, award-winning technologies, with a focus on pixel miniaturization, advanced image capturing, CameraCubeChip®, LCOS, TDDI, and a wide range of analog technologies. We believe these architectures and technologies and the related intellectual property rights create barriers for competitors and allow us to provide high-value semiconductor solutions in a variety of high-growth markets.

Specifically, our broad line of semiconductor solutions is based upon the following pixel architectures and key technologies:

- Pixel architectures, represented by PureCel® and PureCel®Plus
- Image capturing technologies, represented by TheiaCel®, Nyxel®, RGB-IR, OmniPixel®-GS and HDR
- CameraCubeChip® technology
- LCOS technology
- TDDI technology
- LDO technology
- TVS technology
- Signal chain technology

Pixel Architectures

As image sensors continue to evolve, they are changing the way digital devices deliver the world to us, and we are in the business of fueling that innovation. That is why we created our pixel architectures to leverage smaller geometry process for higher gate density, faster device speed, smaller sizes and lower power consumption.

PureCel®

Our revolutionary PureCel® pixel architecture delivers ultra-low-power image-sensing performance. Advanced process nodes and pixel architectures allow PureCel® to deliver better image quality. Also, with PureCel®, we have significantly improved high- and-low-light performance, dynamic range and reduced noise.

Key features of PureCel® include the following:

- *Advanced pixel array.* PureCel® has improved our circuit architecture, added a new pixel array architecture and added an interface process. The advanced pixel-array architecture provides higher sensitivity and full-well capacity, leading to higher sensor dynamic range.

- *Low-power and compact.* The low-power and compact design of PureCel® enables smaller camera modules and a longer battery life camera system.
- *PureCel®-S stacked die technology.* Our PureCel®-S stacked die technology separates the PureCel® imaging array and the processing function into two layers to enable additional features with smaller die size.

Key benefits of PureCel® include the following:

- *Delivers optimal performance.* Our PureCel® improvements result in a new sensor generation with lower noise, less blooming, better low-light sensitivity and higher full-well capacity to further enhance sensor dynamic range in comparison with the first-generation BSI image sensor technology.
- *Meets ultra-low-power requirements.* Many of today's image-sensing applications, such as medical, mobile and vehicles, require ultra-low-power solutions. PureCel® uses 55nm logic process, which supports advanced circuit architecture and results in our low power image sensor platform.
- *Represents a technology evolution.* PureCel® is our flagship pixel architecture, laying a solid foundation for subsequent pixel-architecture generations including PureCel®Plus and beyond, ushering in a new era of image sensors.

The PureCel® technology provides leading digital imaging solutions to the smartphone and surveillance markets. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by PureCel®.

PureCel®Plus

PureCel®Plus is an overall improvement of how images are captured. PureCel®Plus is the next step in the evolution of CIS technology that represents enhanced performance in improved low-light image quality, improved dynamic range, lower power consumption and smaller camera.

Key features of PureCel®Plus include the following:

- *Buried color filter array.* Buried color filter array dramatically improves the tolerance in collecting the light with various incident light angles.
- *Deep trench isolation.* Deep trench isolation reduces crosstalk by creating isolation walls between pixels inside silicon for better chief ray angle tolerance. PureCel®Plus introduces improved deep trench isolation for even better pixel isolation and low-light performance.
- *PureCel®Plus-S stacked die technology.* Our PureCel®Plus-S stacked die technology uses stacked chip technology to stack the image sensor pixel die onto a separate analog and digital die to further reduce chip footprint with better image sensor performance.

Key benefits of PureCel®Plus include the following:

- *Enhancing sensor sensitivity.* In low-light conditions, PureCel®Plus picks up more light than previous generations by significantly enhancing sensor sensitivity and full-well capacity, which boosts low-light performance with higher dynamic range. Reducing color crosstalk further improves color reproduction. Once light rays are collected by the image sensor, they are transformed into electrical signals for internal processing prior to sending

digital signals to an external image processor unit for capturing, sharing and transmitting captured images. PureCel®Plus achieves better light collection by utilizing buried color filter structure and deep trench isolation. The buried color filter structure has made it possible to increase the angular tolerance allowing us to reduce the stack ID, which makes it possible to accommodate smaller form factors. Also, the addition of deep trench isolation prevents light from crossing over to neighboring pixels, which significantly reduces crosstalk. Furthermore, PureCel®Plus greatly increase SNR and color fidelity, which allows for capturing lifelike image quality. PureCel®Plus incorporates advanced process and circuit architecture changes that lead to lower noise, lower power consumption and a stable black level across variable external conditions. It increases storage efficiency, which allows pixels to hold more electrons. This improves overall scene dynamic range, keeping detail in both foreground and the background.

- *Ultra-compact system.* In addition to improving performance, smartphone manufacturers are packing image systems into slimmer designs. PureCel®Plus's sensor angular response improvement enables this with higher chief ray angle tolerance, allowing for low F-number lenses and a thinner camera module. Under the image plane, PureCel®Plus-S incorporates new stack chip technology that allows more camera functions and system level integration into smaller hardware profiles. Previous BSI chips use the space to the side of the sensor to host required circuits while empty carrier wafer is used for structural support. PureCel®Plus makes use of space occupied by empty structural wafer into actual logic area, allowing a large digital area for integrating camera functions by stacking circuits in the silicon support wafers underneath the sensor. Not only does it allow for smaller cameras, it also enables even higher dynamic range expansion on-chip ISP noise cancelation, fast auto focusing and platform for future tech innovation.

Both PureCel® and PureCel®Plus target smartphone, mobile and PC applications. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by PureCel® Plus.

Image Capturing Technologies

TheiaCel®

Launched in September 2023, our TheiaCel® technology represents a new family of easy-to-implement solutions which combines our proprietary HDR technologies and LOFIC technology to address growing challenges with respect to achieving HDR imaging that delivers improved flicker mitigation and enhanced performance in low-light conditions.

Key features of our TheiaCel® technology include:

- *LOFIC Technology with Large Capacitor in Each Pixel.* Enables HDR by storing overflow electrons, ensuring enhanced performance in extreme lighting conditions.
- *Integration of DCG and Split-Diode HDR Technologies.* Combines DCG and split-diode architectures to capture high-contrast scenes with optimal content and image quality.

Key benefits of our TheiaCel® technology include:

- *Wide Dynamic Range and Enhanced LFM Performance.* Achieves 3.3x higher LED Flicker Mitigation (LFM) dynamic range and nearly 3x higher total dynamic range

compared to non-LOFIC-based predecessors, ensuring flicker-free imaging in virtually any lighting condition.

- *Enhanced Low-Light Sensitivity and SNR.* Provides over 50% higher sensitivity and maintains a balance between low-light SNR and dynamic range, critical for automotive applications like night driving.
- *Compact Size and Power Efficiency.* Delivers industry-leading performance in a compact form factor, reducing space requirements while maintaining low power consumption, ideal for modern automotive designs.

TheiaCel® technology, by integrating LOFIC technology with our proprietary HDR technology, delivered outstanding image quality under any lighting conditions. The initial application of this technology focused on the automotive sector with a 2.1 µm pixel process, combined with DCG™ HDR technology, significantly enhancing imaging performance in low-light environments and addressing the issue of LED light source flickering.

Nyxel®

Our award-winning Nyxel® technology is a NIR light sensing technology. It boosts quantum efficiency for image sensors that see better and farther, and uses less power.

Key features of our Nyxel® technology include:

- *Thick silicon.* Thicker silicon increases the chance of photon absorption, offering higher quantum efficiency and increased signal strength than thinner silicon.
- *Deep trench isolation.* Deep trench isolation creates a barrier between the pixels to eliminate crosstalk and improve modular transfer function.
- *Absorption structure.* Using a carefully managed optical scattering layer prevents defects in the image's dark area and lengthens the photon path.

Key benefits of our Nyxel® technology include:

- *Capture sharper.* The Nyxel® technology achieves up to 3x quantum efficiency improvements to capture sharp, bright images and deliver optimum image data. This enables accurate eye tracking and gesture control in smart glasses, or for detecting distracted or drowsy drivers in DMS.
- *Improved night vision.* With significant increases in NIR sensitivity, the Nyxel® technology offers better photon absorption compared with other NIR technologies. This means improved night vision, allowing surveillance cameras, ADAS and surround-view systems to capture brighter images from farther away.
- *Minimal power requirements.* While current machine-vision and night-vision NIR solutions are augmented by power-intensive IR LEDs, sensors built on the Nyxel® technology require minimal additional lighting—reducing system power needs and extending the life of battery-operated surveillance cameras.

The Nyxel® technology provides the ultimate NIR performance in challenging lighting conditions for a broad spectrum of industries, such as vehicles, IoT, medical, smartphones, and surveillance. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by our Nyxel® technology.

Nyxel® Generation 2

Our Nyxel® Generation 2 technology further refines our revolutionary pixel architectures and processes to achieve new records for quantum efficiency in NIR imaging while overcoming other challenges. It provides higher quality image capture, greater detection range and even lower light-source power requirements, enabling our image sensors to see even better and farther while extending battery life.

Key features of our Nyxel® Generation 2 technology include:

- *Thicker silicon pixel architecture.* Building on our successful first-generation technology, Nyxel® Generation 2 further increases the silicon thickness to improve NIR imaging sensitivity by up to 25% at 940nm.
- *Extended deep trench isolation.* Extended deep trench isolation solves the cross-talk issue while retaining the modulation transfer function levels of the first-generation technology, without affecting the dark current.
- *Re-optimized scattering layer.* With wafer surface texture refinement, our proprietary Nyxel® scattering layer is now re-optimized to improve the extended photon path and increase the photon-to-electron conversion.

Key benefits of our Nyxel® Generation 2 technology include:

- *Higher quality images.* Nyxel® Generation 2 sets new industry record with quantum efficiency of 70% at 850nm, and 50% at 940nm, enabling more accurate image data capturing with more details for a wide range of machine vision and night vision applications, along with many other use cases including driver state monitoring and under-display sensing for smartphones.
- *Greater image detection range.* With brighter NIR imaging, Nyxel® Generation 2 infused products are able to increase the distance of surveillance monitoring, detecting objects sooner and offering more reaction time for AI surveillance systems and human operators.
- *Fewer LEDs, longer battery life.* By optimizing NIR sensitivity, Nyxel® Generation 2 image sensors require fewer IR LEDs, enabling machine vision designers to extend battery life and create more compact form factors while lowering system cost.

The Nyxel® Generation 2 technology expands NIR imaging performance and enables emerging applications with additional capabilities and is currently applied in automotive image sensors, smartphones and surveillance. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by the Nyxel® Generation 2 technology.

RGB-IR

Traditional CIS use the Bayer color filter array, where each pixel captures light at a specific wavelength, including visible and infrared ranges. Our RGB-IR technology enables a single sensor to simultaneously capture both high-quality color (RGB) and infrared (IR) images. This allows for standard imaging as well as advanced capabilities such as biometric authentication and gesture detection, while maintaining high-quality color imaging.

Key features of our RGB-IR technology include:

- *Color filter process.* Our RGB-IR technology incorporates advanced proprietary color filter process that improves color fidelity.

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- *Pattern flexibility.* Depending on the application requirements, the RGB-IR technology's extended flexibility accommodates 2×2 or 4×4 array patterning consist of 25% of its array to infrared and 75% to RGB to capture RGB and infrared images in one sensor.
- *RGB-IR processing.* We provide a dedicated RGB-IR image processor and a companion ISP chip that extracts RGB and infrared information separately.

Key benefits of our RGB-IR technology include:

- *Day and night vision in one sensor.* The RGB-IR technology's ability to both RGB and infrared images in one device allows for both day and night vision capabilities, making it the ideal choice for today's battery-operated cameras for smart-home systems.
- *Enables biometric authentication.* Today's smartphones, computers and laptops are life hubs requiring high level of access security. The advanced infrared sensitivity of our RGB-IR technology enables facial and gesture recognition.

Our RGB-IR technology targets smartphones, surveillance and computing markets. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by the RGB-IR technology.

OmniPixel®3-GS

Our global shutter technology, OmniPixel®3-GS, features global shutter technology and NIR image detection, enabling simultaneous image detection in all pixels to accurately capture moving objects and reproduce rapid motion, even at high speeds, without any deformation or creating spatial distortion.

Key features of our OmniPixel®3-GS technology include:

- *Global shutter technology.* OmniPixel®3-GS simultaneously exposes all pixels and reads them out line-by-line for steady, high-speed imaging.
- *NIR sensing.* NIR sensing in OmniPixel®3-GS enables high sensitivity to near-infrared light for effective zero-light imaging.
- *OmniPixel® architecture.* OmniPixel®3-GS leverages our OmniPixel® pixel architecture, an industry recognized standard for image quality, feature sets and compact size.

Key benefits of our OmniPixel®3-GS technology include:

- *Optimal performance.* Automotive DMS can utilize global shutter technology to synchronize active illumination. OmniPixel®3-GS uses global shutter technology to capture and transmit high-speed images for accurate reproductions, regardless of the speed of motion.
- *Captures images invisible to humans.* Image sensors are sensitive to NIR light, which is outside the spectrum that can be seen with the human eye. Our OmniPixel®3-GS technology offers outstanding NIR sensitivity to enable effective applications such as eye tracking for computer vision.

Our OmniPixel®3-GS technology targets vehicles, smart glasses, and surveillance applications. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by the OmniPixel®3-GS technology.

HDR

Our HDR technology captures extremely high-contrast scenes for optimum content and image quality. It realizes crisp image capture, even with extremely bright and dark areas in one scene, enabling our sensors to produce high-quality images in extreme light conditions and accommodate a broad range of applications.

Key features of our HDR technology include:

- *Adaptive charge conversion.* Our new advanced HDR technology delivers HDR images by adaptive charge detection and conversion technology.
- *No time latency.* Our new advanced HDR technology produces HDR image data from a sensor with a single exposure process. This will remove and minimize artifacts caused by time latencies in traditional HDR technologies.

Key benefits of our HDR technology include:

- *Delivers outstanding image quality.* Image-system solutions for automotive and surveillance applications must be artifact free and need to recognize all objects in the scene. HDR technology achieves this and provides full scene details, regardless of the lighting environment.
- *Enables motion-artifact-free imaging.* Traditional HDR uses multiple images having different exposure times but results in motion artifacts from fast-moving objects. The HDR technology enables motion-artifact-free imaging of extremely high-contrast scenes to deliver high quality scene reproductions.

Our HDR technology caters to surveillance, automotive and mobile applications. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of signature our solutions empowered by the HDR technology.

CameraCubeChip® Technology

Our CameraCubeChip® technology integrates advanced image sensors, processor and lenses in a miniature wafer-level, chip-scale camera module, enabling ultra-thin, compact devices with advanced imaging capability.

Key features of our CameraCubeChip® technology include:

- *CISs.* CameraCubeChip® leverages both our frontside-illuminated and backside-illuminated CIS technology.
- *Wafer-level optics.* CameraCubeChip® applies semiconductor stacking methodology to fabricate wafer-level optical elements as wafer structure layers.
- *Chip-scale packaging.* CameraCubeChip®’s wafer-level chip-scale packaging expertise provides a simplified supply chain with standard surface mount handling.

Key benefits of our CameraCubeChip® technology include:

- *Small-form-factor camera solution.* With CameraCubeChip®, we are able to deliver fully integrated CIS products with high-quality camera functionality in very small footprints and low profiles to deliver miniature camera modules that fit in tiny spaces, allowing for multiple cameras in one device.

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- *A simplified supply-chain solution.* CameraCubeChip® has created a simplified, one-stop shop for wafer-level camera modules that require minimal assembly and handling. The reflowable CameraCubeChip® technology can be directly soldered to the printed circuit board with no socket or insertion required, making integration simple.

CameraCubeChip® delivers miniature-camera solutions to the medical, smart glasses, and mobile markets. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by CameraCubeChip®.

LCOS Technology

Our digital LCOS technology provides a fully integrated single chip solution for AR and VR systems and delivers a low-power, high speed and single chip solution in a compact micro display.

Key features of our LCOS technology include:

- *Full digital single chip LCOS panel.* Integrated driver function and frame buffers in a single chip LCOS panel simplifies the system design and makes the system compact with the small form factor.
- *Low power consumption.* All-in-one LCOS *successfully* reduces the power consumption by 40% compared to the two chip solution. It is ideal for wearable devices, such as AR and VR products.
- *High resolution and high frame rate.* Our LCOS technology features high resolution, high frame rate, and up to six color fields to deliver crisp *clear* stable images without image retention.

Key benefits of our LCOS technology include:

- *Low power with small form factor.* Our LCOS technology’s integrated driver and frame buffers into a single chip LCOS panel to enable a low power compact system design.
- *Crystal clear images.* Our LCOS technology features high resolution, high frame rate, and up to 6 color fields to deliver crystal clear stable images without image retention.

Our LCOS technology targets AR and VR, smart shelves, pico projectors, automotive and medical applications. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by the LCOS technology.

TDDI Technology

Our TDDI technology integrates the touch controller chip and the display driver chip into a single chip to provide a compact solution that delivers optimal performance with low power consumption.

Key features of our TDDI technology include:

- *Compact form delivering brighter display.* Our TDDI modules remove the traditional touch panel layers thereby increasing backlight transmittance, resulting in a brighter and thinner display screen.

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- *Embedded micro-processors.* Our TDDI technology utilizes micro-processors to enable more advanced display and touch features, such as low-power wake-up gesture and face proximity detection.

Key benefits of our TDDI technology include:

- *Optimal performance.* Our TDDI technology synchronizes touch and display activities, empowered by time-division multiplexing method, to avoid display and touch signal interference, offering outstanding performance in both display quality and touch sensitivity.
- *Low power consumption.* By integrating two chips into one, our TDDI technology simplifies data communication and interface between touch and display, which enables lower power consumption compared to solutions involving discrete touch controller and display driver chips.
- *Simplified module manufacturing.* Our TDDI technology enables in-cell display which integrates touch sensor circuits into the display panel, hence removing touch panel components and optical lamination from its production process.

Our TDDI technology focuses on smartphone applications. See “—Our Advanced Semiconductor Products and Solutions” for a detailed description of our signature solutions empowered by the TDDI technology.

LDO Technology

Our LDO technology enables us to offer a variety of LDO products that are highly adaptable for integration into a myriad of complex systems and solutions.

Key features of our LDO technology include:

- *High PSRR and low noise.* Our LDO technology and design empower LDOs that can deliver PSRR of up to 100 db with very low noise.
- *Fast transient response.* The internal compensation networks of our LDOs are designed with high bandwidth to reduce response time and ensure stable output voltage.

Key benefits of our LDO technology include:

- *Consistent performance and clean output.* Our multi-channel LDOs adopt unique design and layout techniques to deliver single-chip solutions that deliver consistent performance. The high PSRR, low noise and fast transient response of our LDOs help ensure a clean output voltage, which is a key power supply requirement for advanced CISs and ISPs.
- *Compact package.* The small package footprint of our LDOs provides our customers with the design flexibility required to meet space restrictions while maintaining low power consumption, making them ideal for integration into smartphones and wearable devices.
- *Easy integration.* Our LDOs use inter-integrated circuit (I2C) communication interface to facilitate straight-forward implementation and system integration.

Our LDOs are widely used to power CISs and other complex systems, and are integrated into smartphones, tablets, vehicles, surveillance and network communication applications.

TVS Technology

Our TVS technology enables us to offer a comprehensive range of advanced TVS products.

Key features of our TVS technology include:

- *Lower capacitance.* Our products provide electrostatic protection for high-speed signal interfaces such as USB4.0 and HDMI2.1, and lightning ports with capacitance as low as 0.1 pF. This is enabled by multilayer, high-resistivity epitaxy, a design which minimizes capacitance while reducing parasitic effects.
- *Deep trench isolation.* Our deep trench isolation technology provides improved junction isolation, which simplifies process flow and reduces die size, promoting device miniaturization.
- *Optimized device structure.* Our optimized device architectures help us achieve lower junction capacitance and lower clamping voltage.

Key benefits of our TVS technology include:

- *Optimal performance at smaller device size.* Our deep trench isolation technology effectively suppresses electrical crosstalk in an ultra-small package, while achieving significantly better junction isolation performance compared to conventional products.
- *Lower clamping voltage.* Our innovative device design can reduce clamping voltage, which means our products can function in a wider range of power surge events to offer better protection.

Our TVSs are widely used in smartphones, tablets and PCs, surveillance, and network communication applications.

Signal Chain Technology

We have accumulated deep expertise and know-how in advanced signal chain technology, which enables larger charging currents and faster data transmission, among other enhanced functions. This technology underlies our diversified USB port protection solutions and has built us a strong technical barrier in the field.

Key features of our signal chain technology include:

- *Unique circuit architecture.* Our unique circuit architecture sets out to drastically reduce the incompatibilities between higher operating voltage and faster data rates.
- *Highly reliable gate drive technology.* Our gate drive technology empowers robust features including fast overvoltage, over-current, and reverse current blocking, high-precision current limiting, and rapid switching between charge/discharge. These features adeptly address the challenges in protecting USB Type-C ports during transmission at a higher voltage and power.

Key benefits of our signal chain technology include:

- *Higher speed with higher operating voltage.* Our ability to combine high-voltage and faster data rates enables better signal strength and efficient, signal switching.

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- *High linearity range.* Better linearity, combined with channel compensation technology, simplifies the design and testing of communication systems.
- *Well-rounded port protection.* Our signal chain technology enhances the reliability of power transmission and signal transmission on the USB interface, offers effective overvoltage and overload protection, and supports special functions such as rapid switching between charging/discharging.

Our years of dedication in signal chain technology have helped us establish a comprehensive portfolio of products that are used in a wide range of applications with a USB interface, including communication systems, vehicles and consumer electronics.

PRICING POLICY

Pricing policy for semiconductor design and sales business

The price of a particular semiconductor product we offer is determined directly by us with the customers and is generally determined by our actual costs associated with designing, developing and producing such product, plus reasonable profits. The level of profits we receive from the related customer are determined based on a mix of factors, such as (i) the number of products the customer orders; (ii) the prior established business relationship between the Company and the customer and (iii) estimated spending budget of the customer. We from time to time review the prices charged and level of profits with reference to similar transactions we entered into with our customers of comparable profile.

Pricing policy for semiconductor distribution business

The price of a particular semiconductor product we distribute is determined directly by us with the customers and is generally determined by our actual costs associated with procuring such product plus reasonable profits. The level of profits we receive from the related customer are determined based on a mix of factors, such as (i) the industry vertical in which the product is applied; (ii) the number of products the customer orders; (iii) the prior established business relationship between the Company and the customer and (iv) estimated spending budget of the customer. We from time to time review the prices charged and level of profits with reference to similar transactions we entered into with our customers of comparable profile.

Pricing policy for technical service

We provide IC design and development services to third parties. We charge service fees on a project-by-project basis.

DISTRIBUTION NETWORK OF OUR PRODUCTS

Direct sales

Our direct sales customers primarily consist of OEMs, ODMs and their contract manufacturers. Our sales and marketing team is well-versed in the professional knowledge pertinent to our products, enabling it to effectively communicate the value of our technologies and the performance of our products. We believe that our direct sales help us consolidate and improve our market shares and penetrate different industry verticals effectively. As of June 30, 2025, our sales and marketing team had a total of 707 full-time employees.

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Our direct sales are usually conducted under sales and purchase arrangements. We have a buyer-seller relationship with our direct sales customers and we recognize revenue when they accept our products upon delivery.

Key terms of agreements with direct sales customers

The terms of the agreement with our direct sales customers vary depending on the specific product or project and the result of our negotiation with each customer, but these agreements generally contain the following terms:

Duration	:	Generally one to three years with an automatic renewal term, unless terminated earlier or otherwise agreed.
Pricing	:	The selling price of our products will be separately agreed in the order placed by the customer.
Transfer of risks	:	Risks are transferred to the customers when the products are accepted by them.
Payment and credit terms	:	We usually provide our direct sales customers with a credit term ranging from 15 days to 120 days, while it still depends on their operating situations, financial condition and expected transaction volume.
Minimum purchase requirements	:	Our framework agreements with our customers usually do not contain minimum purchase requirements.
Delivery of products	:	We are generally responsible for delivering products to the locations and at the times as specified in the orders placed by our customers. Our direct sales customers, many of whom are OEMs and ODMs, will then be responsible for the subsequent shipments and deliveries of the end-products, into which our products are integrated, to their end customers.
Product returns/exchanges	:	Our customers will inspect the products upon delivery and are generally entitled to return or exchange products that do not meet their requirements in terms of quality or specifications.
Confidentiality	:	These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our major customers.
Termination	:	These framework agreements can be terminated with mutual agreement of parties, or terminated unilaterally under certain circumstances such as unrectified material breach of the contract, force majeure or bankruptcy of a party.

Sales through distributors

In line with market practice, we use distributors principally to facilitate the logistics of the transactions and provide credit to end-user customers across our three business lines in our semiconductor design and sales business: advanced digital imaging solutions, display solutions and analog solutions. These distributors assume responsibility for collections, product returns and customer support. Revenues from sales of our products and solutions to our distributors represented approximately 48.9%, 47.6%, 44.6% and 46.6% of our revenues in 2022, 2023, 2024 and in the six

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months ended June 30, 2025, respectively. While the overall distributor arrangement is consistent across the three product lines, the specific sales arrangements under each vary slightly, in order to better align with market dynamics and customer needs.

The following table sets forth a breakdown of the number of distributors that generated revenue for us in each of the period indicated for such products and solutions, as well as the number of those distributors retained from the prior period. All such distributors are independent from the Company:

	Year ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
Advanced digital imaging solutions				
Number of distributors that generated revenue for the				
Group during the year	40	39	38	31
Number of such distributors retained from prior year . . .	36	32	20	23
Display solutions				
Number of distributors that generated revenue for the				
Group during the year	7	8	5	4
Number of such distributors retained from prior year . . .	5	5	4	4
Analog solutions				
Number of distributors that generated revenue for the				
Group during the year	112	304	275	212
Number of such distributors retained from prior year . . .	89	89	229	196
Total	159	351	318	247

Note:

* Number of distributors shown above for each product line is calculated without taking into account distributors overlapping across the business lines. We manage our distributors across different business lines independently.

The table below sets forth the total number of our distributors and their movement during the Track Record Period.

	Year Ended December 31,			As of six months ended June 30,
	2022	2023	2024	2025
Advanced digital imaging solutions				
Number of distributors at the beginning of the				
period	53	40	39	38
Number of new distributors	4	7	18	8
Number of terminated distributors	17	8	19	15
Number of distributors at the end of the period	40	39	38	31
Display solutions				
Number of distributors at the beginning of the				
period	16	7	8	5
Number of new distributors	2	3	1	—
Number of terminated distributors	11	2	4	1
Number of distributors at the end of the period	7	8	5	4
Analog solutions				
Number of distributors at the beginning of the				
period	195	112	304	275
Number of new distributors	23	215	46	16
Number of terminated distributors	106	23	75	79
Number of distributors at the end of the period	112	304	275	212
Total number of distributors at the end of the				
 period	159	351	318	247

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During the Track Record Period, the number of our distributors increased from 159 as of December 31, 2022 to 351 as of December 31, 2023, primarily attributable to our consistent efforts in developing and maintaining our sales network, as well as our long-term and stable partnership with most of those distributors, and also as a result of our acquisition in 2023 of Hunan Silicon who has a large network of distributors. The number of our distributors decreased from 351 as of December 31, 2023 to 318 as of December 31, 2024, and further to 247 as of June 30, 2025, as we only retain distributors whose performance is satisfactory to us.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with the terminated distributors. Substantially all of the distributions we conduct are with offline distributors, with only very exceptional distribution conducted online. There is typically no minimum purchase amount requirements. Some of the distribution agreements we enter into include arrangements for price adjustment mechanism, which is determined based on a mix of factors, such as (i) the number of products the distributor orders; and (ii) the prior established business relationship between the Company and the distributor. The three largest distributors during each period of 2022, 2023, 2024 and the six months ended June 30, 2025, contributing to 40.4%, 41.4%, 37.2% and 39.5% of our revenue in the same period, are headquartered in Hong Kong and Taiwan.

Measures to avoid channel stuffing

We have set up and implemented multiple measures to ensure the benefits of our distributors by avoiding channel stuffing, including:

- Buyer-seller relationship. We and our distributors are in a buyer-seller relationship. We typically do not accept product returns subject to limited exceptions, ensuring that distributors will not compel us to accept unsold products. We regularly monitor the level of product returns from the distributors. During the Track Record Period, the amount of returns accounted for less than 1% of our total sales to distributors.
- No minimum procurement target. We typically do not set up minimum procurement target for our distributors as to avoid overload of products with our distributors.
- Monthly report. We monitor and manage our distributors through a reporting mechanism, under which our distributors are required to provide a monthly report of their sales, including sales volume and product categories.

Measures to avoid cannibalization

We have implemented anti-cannibalization measures. Our contracts with distributors set out our requirements on pricing and regions allowed for distribution. We also regularly monitor the quantity and pricing of most of our distributors' sales to our key end customers by means of, for example, collecting their sales reports. As to some of our distributors, we implemented a deal registration system where distributors are required to register their customers with us before they can sell our products. For these distributors, once a customer has been registered by a distributor, other distributors are not permitted to distribute the same category of our products to that customer. We believe these measures are effective in mitigating the risk of cannibalization and in maintaining the efficiency of our distribution channels.

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Key terms of distribution agreements for our products

Set forth below is a summary of the key terms of the agreements with our distributors:

- *Term.* We generally enter into a master distribution agreement with a term of one year, automatically renewable every year unless earlier terminated by either party (typically with 30 to 60 days prior notice).
- *Pricing.* We typically sell products to our distributors at our fixed prices in effect at the time of shipment. The fixed price we set with a distributor is determined based on a mix of factors, such as (i) the industry vertical in which the product is applied; (ii) the number of products the distributor orders; (iii) the prior established business relationship between the Company and the distributor and (iv) estimated spending budget of the distributor.
- *Minimum purchase amount.* There is typically no minimum purchase amount requirement.
- *Sales rebate.* There is no sales rebate offered to our distributors.
- *Scope of distribution.* The distribution agreements set out our requirement on designated regions allowed for distribution.
- *Sub-distribution.* Our distributors are generally not restricted from engaging sub-distributors. During the Track Record Period and up to the Latest Practicable Date, to our knowledge, none of our distributors had engaged sub-distributors in selling our products and solutions.
- *Limitations on return or exchange.* We generally do not accept returns or exchanges from our distributors, except under limited circumstances, such as return for discontinued or obsolete products.
- *Payment and credit terms.* Payment for products by our distributors is generally due within 30 to 45 days from the each invoice date.
- *Termination.* Typically, either party may terminate any renewal with prior notice. We may also terminate such agreements immediately upon any material breach by, or the insolvency of, the distributor.

Distribution model and accounting treatment

We recognize revenue when our distributors take possession of and accept the products. Until revenue is recognized, these products remain classified as part of our inventories.

Once ownership of the products has been transferred to the distributor, returns are no longer permitted, and any requests for resolution must be addressed through replacement procedures outlined in the distribution agreement. Furthermore, we are not obligated to assist distributors in managing or disposing of unsold inventory upon the termination of their distribution agreements. During the Track Record Period and up to the Latest Practicable Date, we had not repurchased any products previously sold to distributors.

Our management of distributors

To uphold high operational and brand standards, we continuously assess our distributors throughout the year. We have implemented a thorough selection process to ensure that prospective distributors are well-equipped to represent our brand and effectively market our products. Key criteria

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in our evaluation include their existing customer base, core product offerings, established customer relationships, and warehousing capacity.

We collaborate closely with our distributors to provide ongoing operational support aimed at driving their success and fostering sustainable growth. This includes regular training sessions to enhance their team's product knowledge, as well as strategic guidance on procurement to help them manage inventory levels more efficiently.

We conduct reviews of our distributors at fixed frequencies and take distributor management actions such as regular evaluations and quarterly quality meetings, to continuously improve the quality management level of distributors. We review our distributors based on a number of factors, including (i) general background, such as their qualifications, scope of operations, business scale, relevant industry experience, local distribution network, geographical points of sale coverage, customer service capabilities, and sales and technical support capabilities, (ii) synergy of products, for which we assess whether the other authorized products of the distributors conflict with our products or whether there could be any synergy effect between our products and their other authorized products, (iii) the capabilities of providing solutions comprising different products to the customers, and (iv) systematic management, for which we assess whether the distributors have well-established data infrastructure, including robust customer relationship management systems and sales data analytics capabilities.

MANUFACTURING

Wafer Fabrication

Our semiconductor products are fabricated using standard CMOS processes, which permit us to engage independent wafer foundries to manufacture our semiconductors. We primarily outsource our wafer manufacturing to reputable semiconductor manufacturers. See “—Our Flexible and Efficient Fabless Business Model” for more information.

Color Filter Application

The majority of our image sensor sales were color image sensors, which, in addition to a micro-lens, require a color filter to be applied to the wafer before packaging. The color filter application uses a series of masks to place red, green and blue dyes on the individual pixels in an industry-standard Bayer pattern. In the final step, a micro lens is applied to each pixel. We outsource these manufacturing steps primarily to reputable image sensor manufacturers.

Wafer Probe Testing

After wafer fabrication, color filter application, if required, and micro-lens application, wafers are designated for either unpackaged or packaged deliveries. For unpackaged deliveries, referred to as chip-on-board, or COB, the wafers are tested using a process called wafer probe testing. The process identifies the good die on each wafer. The majority of our wafer probe testing is outsourced, primarily to reputable testing facilities, which we later use to prepare the good die as identified during the wafer probe testing for final delivery in a format referred to as reconstructed wafers. We also have established in-house testing facilities featured high-throughput and automation, used for certain selected final products. See “—Our Flexible and Efficient Fabless Business Model” for more details.

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Packaging

We support various packaging methods that are widely used for optical image sensor chips. In the case of chip scale packaged products, or CSP, the wafers are packaged and then diced into chips. These packages have a glass lid to allow light to pass through to the image sensor array. We rely primarily on reputable packaging service providers.

Final Testing

High-volume final product testing is a critical component in the manufacturing of our image sensors. Possessing this capability represents a significant barrier to entry for potential competitors. Conventional CMOS test equipment is not sufficient for image sensor testing, as it must verify not only standard logic and electrical functions, but also the ability to capture and process optical images. To meet these specialized requirements, we have installed high-throughput, automated final test systems — built to our custom specifications — at our testing facilities. These systems are used for both our advanced digital imaging solutions, such as CIS, after the packaging process, and our CameraCubeChip® imaging devices. The test equipment features automated handling, integrated lighting and lens systems, interchangeable image sources, and automated output sorting based on functionality. The system is fully programmable, allowing for quick adjustments to testing criteria and methodologies to support new product introductions or accommodate special testing needs. Our in-house final testing facilities allow us to establish an effective product-test-feedback loop, enhancing quality control and providing a capacity buffer in addition to outsourced testing processes.

Product Quality Assurance

We ensure product quality throughout every stage of the design and manufacturing process. All of our designs undergo thorough circuit simulation before being implemented in silicon. Prior to moving a new product into full production, we fabricate test wafers, package and evaluate test chips, and conduct comprehensive final product testing. Initial production runs are kept small until enough units have successfully completed the entire manufacturing and testing process and met all required product specifications. Only then do we proceed with full-scale production.

Each of our subcontractors is qualified through a series of industry-standard environmental stress tests, as well as through audits and assessments of their quality systems and manufacturing capabilities. We also actively participate in quality and reliability monitoring at every stage of the production cycle, reviewing electrical parametric data provided by our foundries and other subcontractors to ensure consistent performance and reliability.

INVENTORY MANAGEMENT

We regularly monitor inventory quantities on hand and record provisions for excess and obsolete inventories based primarily on historical usage rates and our forecast of future demand for our products. We attempt to control our inventory levels so that we do not hold inventories in excess of demand at the end of each fiscal quarter.

Our inventory turnover days were 252 days, 203 days, 131 days and 137 days in 2022, 2023, 2024 and the six months ended June 30, 2025, respectively. To improve our inventory efficiency, we have adopted a unified warehousing and distribution system and continuously enhance inventory turnover. We have developed strong capabilities in regard to order execution, global supply chain

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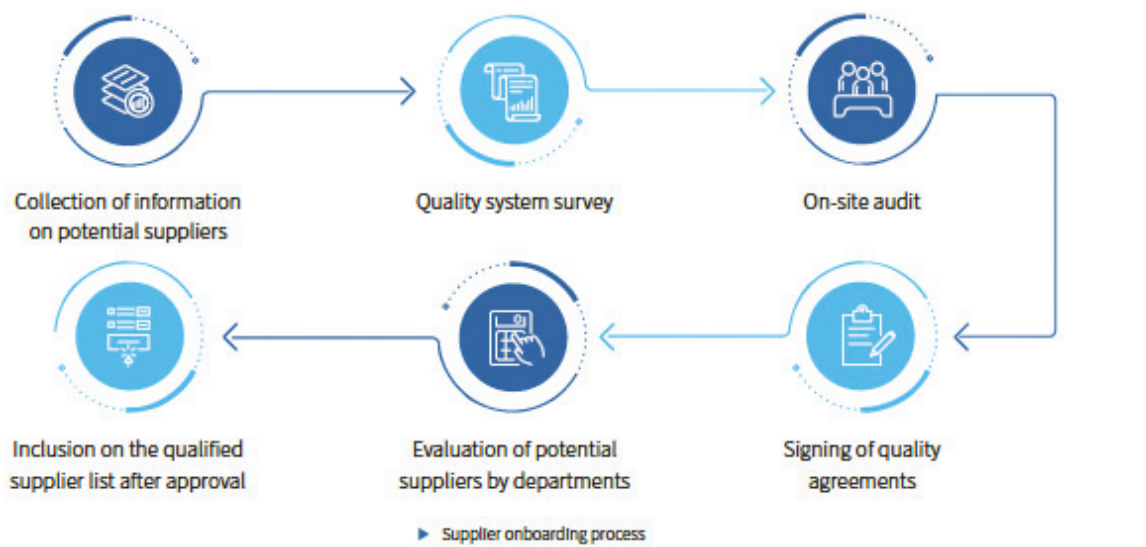
management and efficient delivery, and have built the sales and operations planning cockpit and the commitment mechanism of sales and manufacturing with order pre-scheduling rules.

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

During the Track Record Period, we have recorded inventory write-down due to their lower estimated realizable value than costs. See “Risk Factors—We may be unable to adequately forecast demand for our semiconductor solutions due to the unpredictability of the sales cycle. If we fail to manage our inventory effectively as a result, our business, financial condition, results of operations and liquidity may be materially and adversely affected.”

SUPPLY CHAIN MANAGEMENT

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



We have developed and continue to optimize our Supplier Quality Management Procedures. We conduct audits of suppliers at fixed frequencies and take supplier management actions such as regular evaluations and quarterly quality meetings, to continuously improve the quality management level of suppliers. We conduct quarterly evaluations for qualified suppliers on quality assurance, process and technology, production capacity, lead time and services, price, environmental protection, etc. In addition, we formulate an annual audit plan every year and conduct comprehensive and in-depth

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onsite audits of suppliers. Suppliers who did not receive satisfactory results in the audit are required to develop an improvement plan based on the audit results and implement it within the given time frame. Additionally, we also dispatch SQEs (Supplier Quality Engineers) to conduct on-site inspections, supervising suppliers' production processes, quality control systems, and environmental protection measures. All records of supply audits and matters for rectification are entered into a supply management system and will be followed up until they are closed, forming a closed-loop management, to ensure the efficient and stable operation of our supply chain.

RESEARCH AND DEVELOPMENT

As of June 30, 2025, we had a total of 2,424 full-time employees engaged in research and development. In 2022, 2023, 2024 and in the six months ended June 30, 2025, our research and development investments included research and development expenses which amounted to RMB2.5 billion, RMB2.2 billion, RMB2.7 billion and RMB1.4 billion, respectively and capitalized development expenditure which amounted to RMB683.8 million, RMB692.5 million, RMB623.2 million and RMB359.7 million, respectively.

Our research and development programs focus on the development of advanced digital imaging, display, and analog solutions for multiple applications and industries, in particular those enabling smoother human/device interfacing solutions within the automotive, smartphone, medical, surveillance, and emerging markets. We have established R&D centers across the globe. Our engineers and service teams collaborate closely with customers in each region to address their unique design requirements and support product development processes. By gathering first-hand industry insights, we not only design solutions to regional needs but also drive inspiration for our broader R&D initiatives. We also intend to pursue strategic relationships and acquisitions to enhance our research and development capabilities, leverage our technology, and shorten our time to market with new technological applications.

We conduct ongoing research and development programs that focus on advancing our existing technologies, improving our current solutions, developing new products, improving design and manufacturing processes, enhancing the quality and performance of our products and solutions, and expanding our technologies to serve new markets. Our goal is to provide our customers with innovative products and solutions that address their needs and improve their competitive positions. Our relentless R&D efforts are exemplified by an extensive array of pixel architectures and technologies we have developed, highlights of which are described under “—Our Pixel Architecture and Technology Portfolio.” See also “—Our Advanced Semiconductor Products and Solutions” for more details on the innovative semiconductor products and solutions we launched in recent years.

Our research, design, and engineering teams frequently work directly with our customers to design custom solutions for specific applications. We focus on enabling our customers to overcome their technical barriers and enhance the performance of their products. We believe our engineering know-how and electronic systems expertise provide significant benefits to our customers by enabling them to concentrate on their core competencies of production and marketing.

As of the Latest Practicable Date, we had 18 R&D centers in total, located in China (Beijing, Tianjin, Wuhan, Chengdu, Shanghai, Shenzhen and Changsha), the U.S. (Santa Clara, Irvine and Dallas), Norway (Oslo), Belgium (Mechelen), Japan (Shin-Yokohoma, Kyoto, Nagoya, Takasaki and Sendai) and Singapore. These locations were selected for their access to skilled talent, relevant

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industry resources and innovation ecosystem, which supports our product design and development and enhances our global competitiveness. Our R&D centers are primarily focused on the early-stage design and development of advanced semiconductor technologies, for example, to research, conceptualize and create prototypes. We adopt a decentralized R&D strategy without designating any single location as our R&D headquarters. Each center plays a distinct role within our global R&D network, contributing to our innovation capabilities through close collaboration and resource sharing.

OUR CUSTOMERS

Our end customers include many of the world's leading smartphone OEMs and ODMs, auto manufacturers, major notebook OEMs and ODMs, large medical equipment companies, surveillance devices manufacturers and a variety of consumer electronics manufacturers, who may purchase directly from us or through their contract manufacturers and supply chain partners. Our products are designed to serve the demand of end customers, while inherently required to first go through modules at intermediate manufacturers before they can be integrated into end products at end customers. Our demonstrated track record of technological expertise, design innovation, product performance, cost-effectiveness, and on-time deliveries have resulted in our leading position in providing semiconductor products and solutions. We believe our strong relationship with our OEM and ODM customers, many of which are also currently developing solutions which are focused in several of our target markets, will continue to position us as a source of supply for their product offerings. We also use reputable distributors in selling our products, which is common practice in the industry. In 2024, we had a global active customer base of over 2,300 that generated revenue for us.

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

Below is the breakdown of our revenue derived from our top five customers for each year/period of the Track Record Period, and their respective background information:

Customer	Revenue	Percentage of total revenue	Type of customers	Major products purchased from us	Credit term	Year of commencement of business relationship
	(RMB million)	(%)				
For the year ended December 31, 2022						
Customer A ⁽¹⁾	4,969.7	24.8	Distributor	Advanced digital imaging solutions	45 days	2016
Customer B ⁽²⁾	2,006.9	10.0	End customer	Advanced digital imaging solutions	60 days	2012
Customer C ⁽³⁾	1,787.9	9.0	Distributor	Advanced digital imaging solutions	45 days	2018
Customer D ⁽⁴⁾	1,345.4	6.7	Distributor	Advanced digital imaging solutions	30 days	2012
Customer E ⁽⁵⁾	944.8	4.7	End customer	Advanced digital imaging solutions	90 or 120 days	2012
Total	11,054.7	55.2				

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Customer	Revenue	Percentage of total revenue	Type of customers	Major products purchased from us	Credit term	Year of commencement of business relationship
	(RMB million)	(%)				
For the year ended December 31, 2023						
Customer A ..	6,291.2	30.0	Distributor	Advanced digital imaging solutions	45 days	2016
Customer B ..	1,711.2	8.1	End customer	Advanced digital imaging solutions	60 days	2012
Customer E ..	1,340.7	6.4	End customer	Advanced digital imaging solutions	90 or 120 days	2012
Customer C ..	1,255.9	6.0	Distributor	Advanced digital imaging solutions	45 days	2018
Customer D ..	1,135.8	5.4	Distributor	Advanced digital imaging solutions	30 days	2012
Total	11,734.8	55.9				

Customer	Revenue	Percentage of total revenue	Type of customers	Major products purchased from us	Credit term	Year of commencement of business relationship
	(RMB million)	(%)				
For the year ended December 31, 2024						
Customer A ..	7,136.7	27.8	Distributor	Advanced digital imaging solutions	45 days	2016
Customer F ⁽⁶⁾ ..	2,245.2	8.7	End customer	Advanced digital imaging solutions	30 days	2012
Customer E ..	1,303.7	5.1	End customer	Advanced digital imaging solutions	90 or 120 days	2012
Customer D ..	1,223.1	4.8	Distributor	Advanced digital imaging solutions	30 days	2012
Customer C ..	1,189.2	4.6	Distributor	Advanced digital imaging solutions	45 days	2018
Total	13,097.9	51.0				

Customer	Revenue	Percentage of total revenue	Type of customers	Major products purchased from us	Credit term	Year of commencement of business relationship
	(RMB million)	(%)				
For the six months ended June 30, 2025						
Customer A	3,597.4	25.8	Distributor	Advanced digital imaging solutions	45 days	2016
Customer G ⁽⁷⁾	1,243.0	8.9	Distributor	Advanced digital imaging solutions	30 days	2018
Customer H ⁽⁸⁾	908.2	6.5	End customer	Advanced digital imaging solutions	120 days	2007
Customer D	663.9	4.8	Distributor	Advanced digital imaging solutions	30 days	2012
Customer C	595.4	4.3	Distributor	Advanced digital imaging solutions	45 days	2018
Total	7,007.9	50.3				

Notes:

- (1) Customer A is a world leading group company headquartered in Hong Kong that engages in the import, export, and wholesale distribution of electronic components, semiconductors, and microcomputers.
- (2) Customer B is a world leading group company headquartered in Chinese Mainland and listed on the Hong Kong Stock Exchange in 2007. It engages in the design, development, and manufacturing of optical components, optoelectronic modules, and optical instruments.
- (3) Customer C is a world leading group company headquartered in Taiwan and listed on the Taiwan Stock Exchange in 2002. It engages in the research, development, manufacture and sale of electronic components, communication, networking, mobile, consumer, imaging and multimedia instruments and accessories.
- (4) Customer D is a world leading group company headquartered in the United States and listed on the New York Stock Exchange in 1979. It engages in the distribution and supply of electronic components, including semiconductors, passive components, electromechanical devices, and connectors.
- (5) Customer E is a world leading group company headquartered in France and listed on the Paris Stock Exchange in 1932. It engages in the design, development, and manufacturing of automotive switches and detection systems, serving global OEMs and the aftermarket.
- (6) Customer F is a world leading group company headquartered in Chinese Mainland that engages in providing information and communications technology infrastructure and smart devices.
- (7) Customer G is a world leading group company headquartered in Hong Kong that engages in the import, export, and wholesale distribution of electronic components, semiconductors, and microcomputers.
- (8) Customer H is a world leading group company headquartered in Chinese Mainland, listed on the Shenzhen Stock Exchange in 2011 and it engages in four major industries: automobile, rail transit, renewable energy, and electronics.

During the Track Record Period, all of our top five customers in each year/period settled payments directly with us. To the best knowledge of our Company, all of our top five customers in each year/period during the Track Record were independent third parties. None of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5%

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of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five customers in each year/period during the Track Record Period.

OUR SUPPLIERS

We utilize a fabless business model, as such, for our semiconductor products and solutions business. Our suppliers are primarily third-party foundries and packaging and testing service providers. Costs paid to our suppliers primarily include costs of procuring raw materials, such as wafers, and costs of obtaining packaging and testing services, including materials such as color filters, microlenses and procured chips.

Below is the breakdown of our top five suppliers for each year/period during the Track Record Period, and their respective background information:

Supplier	Procurement amount (RMB million)	Percentage of total procurement (%)	Major products/ services provided to us	Credit term	Year of commencement of business relationship
For the year ended December 31, 2022					
Supplier A ⁽¹⁾	5,535.6	29.8	Wafers	30 days	1997
Supplier B ⁽²⁾	1,873.7	10.1	Wafers	30 days	2003
Supplier C ⁽³⁾	1,838.4	9.9	Wafers	45 days	2012
Supplier D ⁽⁴⁾	800.7	4.3	Color filter	45 days	2003
Supplier E ⁽⁵⁾	727.0	3.9	Printed circuit board	0 days	2011
Total	10,775.4	58.0			
Supplier	Procurement amount (RMB million)	Percentage of total procurement (%)	Major products/ services provided to us	Credit term	Year of commencement of business relationship
For the year ended December 31, 2023					
Supplier A	2,374.0	24.2	Wafers	30 days	1997
Supplier B	2,227.4	22.7	Wafers	30 days	2003
Supplier C	480.7	4.9	Wafers	45 days	2012
Supplier F ⁽⁶⁾	451.1	4.6	Capacitor and inductor	0 days	2009
Supplier G ⁽⁷⁾	449.8	4.6	Display screen	60 days	2017
Total	5,983.0	61.0			
Supplier	Procurement amount (RMB million)	Percentage of total procurement (%)	Major products/ services provided to us	Credit term	Year of commencement of business relationship
For the year ended December 31, 2024					
Supplier B	4,833.4	26.0	Wafers	30 days	2003
Supplier A	3,828.5	20.6	Wafers	30 days	1997
Supplier C	1,613.9	8.7	Wafers	45 days	2012
Supplier D	671.4	3.6	Color filter	45 days	2003
Supplier H ⁽⁸⁾	528.6	2.9	Connector	30 days	2013
Total	11,475.8	61.8			

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Supplier	Procurement amount <i>(RMB million)</i>	Percentage of total procurement <i>(%)</i>	Major products/ services provided to us	Credit term	Year of Commencement of Business Relationship
<i>For the six months ended June 30, 2025</i>					
Supplier A	2,654.1	24.9	Wafers	30 days	1997
Supplier B	2,447.1	22.9	Wafers	30 days	2003
Supplier C	855.0	8.0	Wafers	45 days	2012
Supplier H	360.1	3.4	Connector	30 days	2013
Supplier D	337.9	3.2	Color filter	45 days	2003
Total	6,654.2	62.4			

Notes:

- (1) Supplier A is a world leading group company that engages in IC manufacturing and foundry services supporting industries such as vehicles and electronics.
- (2) Supplier B is a world leading group company that engages in IC manufacturing, packaging, and testing, serving consumer electronics, communications, and automotive industries.
- (3) Supplier C is a world leading group company that engages in IC manufacturing.
- (4) Supplier D is a world leading company headquartered in Taiwan that engages in the design, development, and manufacturing of image sensors and optical components.
- (5) Supplier E is a world leading group company headquartered in Taiwan that engages in the design, development, and manufacturing of PCBs and IC substrates.
- (6) Supplier F is a world leading group company headquartered in South Korea and listed on the Korea Stock Exchange in 1975. It engages in the design, development, and manufacturing of electronic components such as MLCCs, camera modules, and package substrates.
- (7) Supplier G is a world leading group company headquartered in South Korea and listed on the Korea Stock Exchange and New York Stock Exchange in 2004. It engages in the design, development, and manufacturing of display products such as OLED and LCD panels.
- (8) Supplier H is a world leading group company headquartered in Chinese Mainland that engages in the investment and management of electronic connector manufacturing and sales operations.

To the best knowledge of our Company, all of our top five suppliers in each year/period during the Track Record were independent third parties. None of our other Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, has any interest in any of our top five suppliers in each year/period during the Track Record Period.

We believe we have sufficient alternative suppliers that can provide us with substitutes of comparable quality and prices. During the Track Record Period and up to the Latest Practicable Date, we did not experience any disruption to our business as a result of any significant shortage or delay in supply of the products we sourced from our suppliers. None of our top five customers in each year/period during the Track Record Period was a supplier and none of our top five supplier in each year/period during the Track Record Period was also a customer of us.

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Key terms of our agreements with foundry partners

We generally enter into framework agreements with our major foundry partners, with the actual price and volume specified in individual purchase orders. The terms of these agreements vary depending on the specific product or project and may be affected by multiple factors, including but not limited to the available capacity of the foundry partner. But these agreements generally contain the following terms:

Duration	:	Generally two years for foundries with an automatic renewal term for one year, unless terminated earlier or otherwise agreed.
Principal rights and obligations of parties involved	:	We provide product parameters, technical specifications, production process requirements, and other product requirements to foundry partners. Our foundry partners fabricate wafer products according to our requirements. We provide wafer products and technical specifications to packaging and testing service providers who provide packaging and testing services in accordance with our requirements.
Production Volume	:	We typically decide production volume in any given period on a purchase order basis. The foundries will supply products to us in that period in a specific quantity and at a specific price as set forth in a particular purchase order.
Payment and credit terms	:	We make payments according to the terms specified in the purchase orders or the agreements. We are typically granted a credit term of 30 days by our foundry partners.
Logistics	:	Third party logistic service providers are engaged to deliver materials between our manufacturer, testing and packaging service providers to the locations and at the times agreed upon between our supplier and us.
Quality assurance	:	The foundries are required to deliver products that meet our specified quality requirements and product specifications.
Product return	:	We have the right to reject, replace or return products due to non-conformity with our product quality requirements or specifications due to suppliers' faults.
Termination	:	Either party is entitled to terminate the agreement in accordance with the terms specified in the agreement, including material breach of contract.
Wafer cost bearing	:	Our agreements with foundry partners do not explicitly provide for this because under our fabless model, the foundry is responsible for the costs of the wafer components. We purchase the finished wafer from the foundry.

TRANSFER PRICING ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we entered into certain transfer pricing arrangements (“**Transfer Pricing Arrangements**”), primarily including intercompany loans and allocation of general and administrative expenses, and the transfer of interest in certain intellectual properties.

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We carried out the Transfer Pricing Arrangements in line with our transfer pricing policy and followed the fundamental arm's length principle as stated in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations published by Organization for Economic Co-operation and Development.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties, investigations, inquiries or transfer pricing audits conducted by local tax authorities in connection with the Transfer Pricing Arrangements. Our Directors believe that the Transfer Pricing Arrangements adhered to the arm's length principle and we remained compliant with applicable transfer pricing laws and regulations during the Track Record Period and up to the Latest Practicable Date.

BRANDING AND MARKETING

Branding

In January 2022, we announced the adoption of our new global brand and logo: **OMNIVISION®**. This new branding reflects our latest expansion in product offerings and capabilities, leveraging the collective expertise of OmniVision Technologies' industry-leading digital imaging capabilities, our established analog portfolio and the TDDI Business we expanded into in 2020. This new branding name symbolizes outstanding service, reliability and speed. Emphasis is continually placed on promoting and protecting our brand, one of our most important assets.

We strive to enhance our brand awareness through maintaining high service quality and other marketing initiatives. We believe that the most effective form of marketing is to continually enhance our customer experience. Specifically, our sales and marketing strategy is designed to build brand recognition, increase demand for our products and solutions, build strong customer loyalty, drive cross-selling, and develop incremental business opportunities.

Leveraging our brand value and our own marketing efforts, we have been able to build a large base of loyal customers. We employ a variety of programs and marketing activities, such as attending well-acclaimed industry conventions and exhibitions, to promote our brand and our products and solutions.

Sales and Marketing/Customer Technical Support

We focus our sales and marketing strategy on establishing business and technology relationships principally with OEMs, ODMs and their contract manufacturers in order to work closely with them on future semiconductor solutions that align with their product road maps. Our engineers collaborate with our customers' engineers to create products that comply with their specifications and provide a high level of performance at competitive prices. We also market our products directly to automobile, monitor, notebook and smartphone manufacturers so that our products can be qualified for their specifications and designed into their products. Additionally, we form strategic partnership with customers for our LCOS micro displays, 3D sensing and AI image sensing to penetrate into the emerging market. We believe we need close alliance with our customers to build up ecosystem for new applications.

Our sales and marketing team boasts a high level of technical expertise and industry knowledge, enabling them to effectively support a lengthy and complex sales process. This team

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includes a highly trained group of product managers and field applications engineers who are well-equipped to address customer needs and provide solutions. Additionally, our team is armed with extensive strategic marketing experience and a strong ability to identify and capitalize on emerging market trends, ensuring we stay ahead in a dynamic industry landscape. We also provide comprehensive technical support and assistance to potential and existing customers, so as to facilitate a smooth integration of our solutions into their products. We believe that the depth and quality of this design support are key to improving customers' time to market and maintaining a high level of customer satisfaction.

We attend periodic technology forums that facilitate direct interaction between their product development teams and our research and development teams. These forums not only provide us with valuable insights into our customers' long-term needs but also enable our customers to align their plans with the advancements and capabilities we can deliver. Also, our customers are increasingly utilizing contract manufacturers while retaining design and key component qualification activities. As this trend matures, we continually upgrade our sales operations and manufacturing support to maximize our efficiency, flexibility and coordination with our customers.

Key industry leaders who target mass market applications often conduct a rigorous evaluation process to choose the most suitable semiconductor solutions for their upcoming products. A supplier's design emerging successful from the evaluation process is commonly referred to as a "design win". This process usually involves multiple stages, such as technical proposal reviews, product benchmarking, system compatibility testing and engineering sample evaluations. Suppliers whose products outperform competitors in performance, efficiency, and cost-effectiveness may secure the design win, and the products will be integrated into the customer's final system design. For example, we have multiple CIS products integrated into flagship smartphone models through such a design win process.

We work with our customers to design integrated solutions to enhance the performance and efficiency of their products. For example, in the image sensor space, our marketing efforts focus primarily on promoting the advantages of a single chip image sensor and supporting our customers at industry trade shows around the world. We work extensively with our customer's management and engineers to help optimize our solution. After granting a design win, customer will then decide when to start mass production for the specific product based on various factors including the competitiveness of their own product, the market demand for the product and other factors. Through our relationships, we have developed considerable expertise, and we use that expertise in assisting our customers to develop their products using our image sensors. We also provide reference designs and engineering design review and engineering product evaluation testing and debugging services for our customers.

We believe that good customer support at a technical level is extremely important in developing long term relationships with key customers. Once our solutions are incorporated into our customer's design, it will likely be used for the life cycle of the customer's product as a redesign, and subsequent requalification, of the product would generally be time-consuming and expensive. After our customer begins production of the IC, our application engineers, who are often geographically close to our end customers, support our solutions. We believe that our deep interaction with numerous levels of our customer's management team helps us to understand our customers, fosters customer loyalty and increases visibility of the services that we can offer.

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INTELLECTUAL PROPERTY

Our success and ability to compete depend in part on our ability to maintain the proprietary aspects of our technologies and products. We rely on a combination of patents, trademarks, trade secrets, copyrights, confidentiality agreements, and other statutory and contractual provisions to protect our intellectual property, but these measures may provide only limited protection.

As of June 30, 2025, we held 4,761 authorized patents, including 4,552 invention patents, 205 utility model patents and four design patents, as well as 139 layout designs and 86 software copyrights. Our inability to adequately protect our intellectual property rights could materially and adversely affect our competitive position, business, financial condition and results of operations. See also “Risk Factors—Risks Relating to Our Business and Industry—Our ability to compete will be harmed if we are unable to protect, maintain or enforce our intellectual property rights adequately. Our patents, trade secrets, know-how and other proprietary information may be stolen, used in an unauthorized manner, or compromised, which could materially and adversely affect our results of operations, financial condition, business and prospects.”

As of the Latest Practicable Date, our Directors believe that there is no legal impediment for the renewal of the above patents, copyrights, trademarks and domain names that would materially and adversely affect our business. For details, please refer to the paragraph headed “Appendix VI—Statutory and general information—2. Further Information about Our Business—B. Our Material Intellectual Property Rights” in this document.

To protect and enforce our intellectual property rights, we enter into framework agreements with our suppliers imposing confidentiality obligations to protect our intellectual property rights during the manufacturing.

We have adopted a number of internal control policies and measures to protect our intellectual property rights and trade secrets. For example, we deploy a group-level digital platform to monitor and manage the full lifecycle of our patents, trademarks, copyrights, domain names and other intellectual property rights. Our intellectual property team proactively take initiatives to identify potential infringement upon our intellectual property rights and take appropriate actions based on our findings. We rely on confidentiality agreements to safeguard our interests in proprietary know-how that are not patentable and manufacturing processes for which patents are difficult to enforce. The contracts we entered into with our employees, suppliers, distributors, and other strategic partners are subject to review and approval by our in-house legal team, who is tasked with ensuring that sufficient protection is built into the contracts to prevent unauthorized disclosure. However, there is no guarantee that we will prevail on patent infringement claims against third parties, and we cannot assure you that our products do not infringe patents held by others or that they will not in the future. To the best of our knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material intellectual property rights claims by third parties.

COMPETITION

The markets for our products and solutions are, in general, intensely competitive, characterized by continuous technological change, evolving industry standards, and fluctuating average selling prices.

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Our competitors include large domestic and international semiconductor companies who may have greater presence in key markets, a more established and larger customer base, and, in general, better access to other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and customer requirements or devote greater resources to the promotion and sale of their products. For a description of the semiconductor industry's market environment, please refer to the "Industry Overview" section.

DATA PRIVACY AND PROTECTION

Information security is a critical defense for our Company's stable operations and sustainable development. To strengthen our information security management system, we have implemented key policies and frameworks, including the Information Security Management System, the Policy for Information Security, and Information Security Governance. We established an Information Security Management System (ISMS) and enhanced related policies and documents under the ISO 27001 framework. Additionally, we integrated our risk management framework into the ISMS to proactively assess and address cybersecurity risks, protecting our assets and minimizing vulnerabilities. We also adopted cloud backup solutions to mitigate data loss risks and reinforce data security. During the Track Record Period and up to the Latest Practicable Date, we fully complied with the laws and regulations of the regions where we operate, including China.

Guided by accountability and due diligence, we have formed an information security management team under the Office of Information Security. This team includes Security Awareness, Vulnerability Management, Security Operations, and Security Engineering and Architecture units. We clarified roles and responsibilities within the information security framework and enforced an information security responsibility system. Furthermore, we implemented various daily operational measures to reduce information leakage risks. By continuously enhancing our employees' emergency response capabilities and information security awareness, we effectively safeguard our information assets.

We have enhanced measures to prevent information leakage, including implementing network segmentation and document classification to eliminate potential channels for information leakage. Additionally, we continue to advance key technologies to safeguard our information systems against network threats.

In the course of our business, we collect and process data primarily related to and through the transactions with our enterprise customers. Such data include general information of customers, such as name of the company, address, and contact information. See "Risk Factors—Risks Relating to Our Business and Industry—Our business depends on the proper functioning of internal processes and information technology systems. A failure of these processes and systems, data breaches, cyber-attacks, or cyber-fraud may cause business disruptions, compromise our intellectual property or other sensitive information, litigation or government actions, or result in losses." We do not collect or process personal data in the course of our operations as we do not conduct business directly with individuals. There had not been cross-border transmission of personal data in the course of our business during the Track Record Period and up to the Latest Practicable Date.

As advised by the Company's PRC Legal Advisor and based on the measures the Company has been taking described above, the Company had complied with applicable laws and regulations relating to cybersecurity, data privacy and protection and cross-border data transmission in all material respects during the Track Record Period and up to the Latest Practicable Date.

OUR CORPORATE SOCIAL RESPONSIBILITY

ESG Overview

We are focused on promoting the sustainable development of ourselves and society through responsible business practices. To this end, we have established a top-down three-tier ESG governance structure, composed of the Board of Directors, the ESG committee, and the ESG working group. Each level of organization has a clear division of labor and responsibilities to ensure comprehensive supervision, management, and execution of ESG-related matters, and to guarantee the orderly progress of ESG strategies and goals. Furthermore, we have formulated and disclosed the Environment, Social Responsibility, and Governance Policy, aiming to provide guidance for the Group's actions in environmental protection, social responsibility, and corporate governance. This ensures that while we achieve our business objectives, we can effectively manage environmental and social risks and achieve long-term sustainable development.

Integrity and compliance are critical prerequisites for our sustainable development. To ensure the compliance of our global operations, we have established a three-dimensional trade compliance review mechanism. The mechanism adopts an approach that is “led by the legal department, coordinated by the business department, and assisted by external lawyers,” to ensure that our operations comply with relevant regulations. We continuously improve trade compliance, seeking profession assistance from external lawyers in assessing potential risks and proposing constructive response strategies, so as to boost our global development through compliant operation.

Our ESG Risks and Opportunities

We have established diverse communication channels to maintain close engagement with stakeholders—customers, suppliers, investors, and others, to proactively understand and address their expectations. Through continuous engagement, we determine ESG risks by combining the characteristics of the industry and our business, considering the concerns of stakeholders and with reference to industry guidelines.

Among the ESG risks we have identified, we recognize that climate change poses growing physical risks, such as extreme weather events that may disrupt operations and endanger personnel and assets. In response, we have developed a comprehensive set of emergency response plan which is tailored to regional and seasonal climate patterns. In addition, we regularly update the emergency response plan, and after each extreme weather event, we review the original plan and carry out necessary rectification and optimization. Our climate change mitigation efforts may involve some upfront expenses and require some procedural adjustments, however, over time we anticipate these measures will deliver long-term financial benefits through cost savings and improved market positioning.

We have also astutely identified the developmental opportunities within clean technology sectors, consistently integrating eco-friendly principles as a pivotal element in product innovation. We have strategically expanded our portfolio of solutions for new energy vehicles, persistently delivering sustainable product solutions to the market. This initiative underscores our proactivity to advancing the evolution of clean technologies, particularly in the new energy vehicles domain.

Our ESG Strategy

Our ESG strategy consists of three pillars: (i) green operations, (ii) talent orientation and (iii) continuous innovation.

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Green operations

We proactively address environmental problems, such as climate change, energy management, waste, water resource and wastewater discharge and exhaust emission. We integrate the concept of environmental protection into our production and operation activities. Through the establishment of a sound environmental management system and raising employees' awareness of environmental protection, we aim to achieve sustainable development of our company.

Regarding response to climate change, our company has been forging ahead with carbon inventory, science-based carbon target setting, energy conservation and carbon reduction. Our subsidiary OmniVision Technologies, Inc. has submitted a commitment letter to the Science Based Targets Initiative (SBTi) in 2023, pledging to achieve net-zero greenhouse gas emissions across the entire value chain by 2050. In January 2025, it has received approval of near-term science-based emissions reduction target by the SBTi. Besides, our company continuously expands our photovoltaic facilities to optimize the energy structure and reduce greenhouse gas emissions.

On energy management, our Songjiang Park in Shanghai, China has established an ISO 50001 energy management system. With “compliance with regulations, scientific management, energy saving and emission reduction, continuous improvement” as the system policy, we continue to invest in energy and water saving management and technology to improve efficiency and continuously optimize resource management.

In addition, on water resources and wastewater discharge, exhaust emissions and waste, our Songjiang Park in Shanghai, China has established an ISO 14001 environmental management system. We implement the environmental management policy of “optimizing resources, reducing pollution and waste, making continuous improvements, protecting the environment and complying with regulations” to minimize the impact of our production and operation activities on the environment. Our company treats waste gas via systems like zeolite rotor - thermal oxidizer and washing towers, and reuses wastewater through recycling tech, ensuring compliance and resource efficiency.

For hazardous waste generated in the production process, we implement classification management and centralized disposal, and entrust it to units qualified to dispose of hazardous waste for collection, storage, transportation and disposal. For general waste, we take optimal measures to responsibly dispose, fully recycle, and/or reuse recyclable waste.

We strictly comply with environmental laws and regulations, striving to minimize the ecological impact of our production and operations. During the Track Record Period and up to the Latest Practicable Date, we were in compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and other related environmental protection laws and regulations in all material respects. In 2022, 2023, 2024 and the six months ended June 30, 2025, our environmental compliance cost was approximately RMB17.0 million, RMB2.4 million, RMB2.6 million and RMB2.0 million, respectively, reflecting a relatively high initial expenditure on environmental setup and compliance, and lower maintenance costs over time.

Talent orientation

Along with a strong reputation among customers and the general public, we are widely acknowledged as a great place to work. It is our people—our greatest asset—that give us our strong reputation.

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We have always striven to provide employees with comprehensive social benefits, a diverse work environment and a wide range of career development opportunities. We provide a safe and healthy workplace, which is backed by strict policies, robust team member education and safety recognition awards, along with continued investments in technology. We support the physical and behavioral health and well-being of our team members and their families by providing an array of programs that help our people and their loved ones stay at their best level of health. In addition, we established a competitive and fair remuneration system. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market benchmarking. We conduct performance evaluations for our employees annually to provide feedback on their performance. Compensation for our staff typically consists of base salary and a performance-based bonus.

Our workforce is as diverse as the community we serve, and we believe that everyone deserves respect. Women employees accounted for over 30% of our total employees and approximately 25% of our management during the Track Record Period. We are focused on the education, recruitment, development and advancement of diverse team members worldwide, and are recognized for our efforts. We not only focus on the improvement of employees' professional development, but have made efforts to incentivize our employees to have a "sense of goals" and "sense of fulfillment." Additionally, we place special emphasis on the building of a talent pipeline and cohesive organizational culture. We have established a comprehensive system for employee training and development, covering leadership, general competencies, professional competencies, and others. Our comprehensive training program includes corporate culture, employee rights and responsibilities, team building, professional behavior, job performance, management skills, leadership, and administrative decision-making. We had an employee turnover ratio of approximately 4.5% in during the Track Record Period.

Besides, we have always stayed true to the original aspiration of giving back to society by engaging in public welfare and charitable causes. We fulfill our social responsibilities in various ways. For example, we take an active part in community building to improve the living environment of residents.

Continuous innovation

We proactively engage in product innovation and research and development, constantly increasing our investment in R&D, and strengthening our investment in areas such as green products. We systematically protect our intellectual property and trade secrets. We optimize our customer service and continuously strive to improve customer satisfaction.

As one of the world's leading semiconductor design companies, we proactively optimize our supply chain management, improving the environmental and social performance of our suppliers and to cooperating with all business partners to create a sustainable business model. We convey the concepts of product quality management, environmental protection and corporate social responsibility to our suppliers. We embrace the spirit of local sourcing and always adhere to the social responsibility of banning hazardous substances and not using conflict minerals to reduce the risks associated with the environment and society. We continuously strive to work with our suppliers to expand our socially responsible ecological network and work together for sustainable operations.

Our Key ESG Topics

Following a materiality assessment procedure, we have identified six key ESG topics, namely Talent Attraction and Retention, Employee Health and Safety, Business Ethics, Sustainable Supply Chain, Customer Service and Product Innovation and R&D, which correspond to the ESG management actions that have been taken to fulfill our ESG objectives set for each of the key ESG topics.

Our ESG Governance Structure*ESG committee*

For the long-term sustainability of our company, we have decided to change the name of the Strategy and Development Committee to the Strategy and ESG Committee, effective upon the completion of the Listing, to incorporate the responsibilities of evaluating and determining the ESG-related risks and opportunities, and ensure an appropriate and effective ESG risk management system is in place. Additionally, it should also report ESG-related risks and opportunities to the Board of Directors and ensure the effectiveness of the system.

We have also established an ESG Working Group which is composed of four groups, covering environment, product, employee and corporate governance, which serve to strive for our sustainability objectives. These groups are responsible for implementing ESG management policies approved by the Strategy and ESG Committee, managing and reporting ESG issues, and reporting on the progress of ESG work to the Strategy and ESG Committee.

Diversified governance

We believe that a diverse governance structure benefits our business operations and considers diversity within that governance structure a key element necessary to maintain our long-term competitiveness and promote sustainable growth. We have formulated the board diversity policy, and the nomination committee selects board members based on a range of diversity categories, taking into account our business model and specific needs, including but not limited to gender, age, ethnicity, language, cultural background, educational background, industry experience or professional skills. We have designed appropriate procedures to develop board members with broader backgrounds, more diverse experience and skills.

Performance and Remuneration

To continuously promote our sustainability, we have formulated the “Administrative Measures for Remuneration and Performance of Senior Management,” which links the performance appraisal of executive directors, including senior managers, with business performance, compliance management, and environmental and social responsibilities. The environmental and social performance includes, but is not limited to, contributions in energy conservation and emission reduction, talent attraction and retention, sustainable supply chain, business ethics, product innovation and R&D.

To further regulate the remuneration incentive policy for our senior executives, and to prevent unethical business practices and violations of law, we have formulated a clear clawback policy to reasonably manage remuneration risks.

Sustainable Supply Chain

We have established a comprehensive supply chain management system covering supplier onboarding, approval, and other processes, and continuously refine the system. In addition, we conduct

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audits of suppliers at fixed frequencies and take supplier management actions such as regular evaluations, monthly yield reports, and quarterly quality meetings, to continuously improve the quality management level of suppliers. We also dispatch supplier quality engineers to conduct on-site inspections, supervising suppliers' production processes, quality control systems, and environmental protection measures. All records of supply audits and matters for rectification are entered into a supply management system and will be followed up until they are closed.

We constantly promote the sustainable development of the supply chain through responsible supply chain management. We have developed and required major suppliers to sign the Supplier Code of Conduct, which provides clear guidance and requirements for suppliers in labor and human rights, health and safety, environment, ethics, compliance, etc. Meanwhile, we are also concerned with whether our suppliers are certified for relevant management systems in terms of quality, the environment and society. We encourage suppliers to enhance their management capabilities and obtain relevant management system certifications. The proportion of our suppliers who passed various management system certifications was as follows:

Dimension	Management System	Proportion in 2024
Quality	ISO 9001 Quality Management System or IATF 16949 Vehicle Quality Management System	100.00%
Environment	ISO 14001 Environmental Management System	95.24%
	QC 080000 Hazardous Substance Process Management System	73.02%
Society	ISO 45001 Occupational Health and Safety Management System	68.25%

According to Frost & Sullivan, our ESG strategy and initiatives have established us as a leading company among the fabless companies in terms of ESG commitment and performance.

Our ESG KPIs

From 2022 to 2024 and in the first half of 2025, our energy consumption, Greenhouse Gas (GHG) emissions and water consumption are as follows:

KPI	2022	2023	2024	First half of 2025
Total energy consumption (MWh)	65,063.08	77,765.23	92,122.87	50,107.83
Direct energy consumption (MWh)	3,339.21	3,037.14	3,614.36	2,031.08
Indirect energy consumption (MWh)	61,723.87	74,728.09	88,508.51	48,076.75
Energy consumption intensity (MWh per capita)	13.06	16.20	17.14	8.98
Total GHG emissions (tCO ₂ e)	27,091.34	33,578.59	39,834.32	21,845.13
Direct GHG emissions (Scope 1) (tCO ₂ e)	674.39	613.38	729.96	410.20
Indirect GHG emissions from energy consumption (Scope 2) (tCO ₂ e)	26,416.95	32,965.21	39,104.36	21,434.93
GHG emission intensity (tCO ₂ e per capita)	5.44	7.00	7.41	3.91
Water consumption (tons)	250,511.39	353,600.67	352,101.99	169,973.61
Water consumption intensity (ton per capita)	50.30	73.67	65.50	30.45

Notes:

- The scope of the environmental data in this section covers the main offices of our Company, including Shanghai Zhangjiang Park, Shanghai Songjiang Park, Zhejiang Shaoxing Park, Silicon Valley in the United States.

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2. The main categories of applicable energies include natural gas used for offices and factories (direct energy) and electricity purchased (indirect energy)
3. The Company has revised some data on indirect energy consumption in 2023 and recalculated the data related to energy consumption in 2023.
4. Content and category of GHG emissions collected in Scope 1 and Scope 2 include: natural gas used for offices and factories (Scope 1) and electricity (Scope 2). GHG emissions are presented in CO₂ equivalents, and the GHG emission of natural gas and the electricity purchased from Chinese Mainland shall be calculated according to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Other Industrial Enterprises (Trial) issued by the NDRC. GHG emissions in Scope 2 were calculated based on the latest regional average CO₂ emission factor for electricity announced by the Ministry of Ecology and Environment. Additionally, we recalculated the data for 2022 and 2024 based on the latest regional average CO₂ emission factor for electricity. The GHG emissions from purchased electricity from overseas sources were calculated using the electricity emission factor published by the International Energy Agency in 2023.
5. During the Track Record Period, due to the Company's production expansion and the addition of equipment, there was an increase in total energy consumption, total GHG emissions, and their intensities compared with 2023. In addition, we installed reclaimed water reuse facilities during the Track Record Period, which improved water use efficiency. As a result, even though the number of employees increased, both the total water consumption and its intensity decreased compared with 2023.
6. Data for the first half of 2025 are preliminary. Full-year 2025 data will be disclosed in our 2025 ESG report.

Our energy consumption intensity saw a modest year-on-year increase during the Track Record Period. As we are implementing energy-saving measures, such as using intelligent lighting in Shanghai Zhangjiang Park, and the benefits of our energy structure optimization are gradually materializing, we expect an improved efficiency of energy consumption in the near future. Our GHG emission intensity were increasing at a slower pace during the Track Record Period while our water consumption intensity has started to decrease following a previous rise.

During the Track Record Period, we formulated the Control Procedures for Laws, Regulations and Their Identification and the Control Procedures for Compliance Evaluation. Moreover, we organized internal discussions and compliance evaluations, with the aim of ensuring the Company's compliant discharge of the three types of waste (waste gas, wastewater, and solid waste). In addition, we introduced the Control Procedures for Environmental Management, set out optimized management requirements regarding the compliant discharge of wastewater, waste gas, and solid waste. It clearly defines the responsibilities and operating specifications for each process, which enables more precise environmental management.

Moreover, as the demand from employees and visitors for electric vehicle charging facilities has been rising with the growing popularity of electric vehicles, we have introduced electric vehicle chargers in Shanghai Zhangjiang Park, Shanghai Songjiang Park and Zhejiang Shaoxing Park. During the Track Record Period, to encourage and guide people entering the parks to choose sustainable means of transportation, we specially introduced 2 sets of new-generation chargers in Shanghai Zhangjiang Park. These new-generation chargers' user registration and payment processes have been optimized so that employees and visitors can easily use them by simply scanning a QR code, making low-carbon transport an accessible alternative.

We remain focused on reducing environmental impact and will continue to make progress. The following are our reduction targets:

<u>Target Area</u>	<u>Reduction Target</u>	<u>Baseline Year</u>	<u>Status</u>
Direct GHG emissions and indirect GHG emissions from energy consumption (Scope 1 and Scope 2)	Reduce 37.8% by Year 2029	Year 2023	In progress
Other indirect GHG emissions from purchase of goods and services (Scope 3)	Reduce 48% by Year 2029	Year 2022	In progress

As a fabless company, we focus primarily on design and sales of semiconductor products rather than fabrication, which allows us to maintain a relatively small environmental footprint with limited

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water and electricity consumption. Nevertheless, we regard environment protection as an important corporate responsibility. We aim to improve energy efficiency and reduce our electricity consumption intensity by 5% from baseline of 2024 by 2035. Through the promotion of water-saving measures to prevent wastage, we aim to reduce water use intensity by 5% from baseline of 2024 by 2035.

We expect that our continued resource conservation and emissions reduction will drive long-term improvements in operational efficiency and financial performance. We believe green development represents an inevitable path toward achieving sustainable and high-quality growth. By optimizing resource utilization and advancing environmental sustainability across our operations, we anticipate a gradual reduction in operating costs. At the same time, our efforts to integrate green principles into product design and innovation are expected to enhance the environmental attributes of our offerings. This will position us to gain greater market recognition as a provider of high-performance, eco-conscious products. In turn, it will support our pursuit of sustainable, high-quality growth in a competitive and evolving market landscape.

EMPLOYEES

Our future success will depend, in part, on our ability to continue to attract, retain and motivate highly qualified technical and management personnel. As of June 30, 2025, we had a total of 5,582 full-time employees. The following is a breakdown of our employees by function as of the dates indicated:

Function	As of December 31,						As of June 30,	
	2022		2023		2024		2025	
	Number of Employees	% of Total	Number of Employees	% of Total	Number of Employees	% of Total	Number of Employees	% of Total
Research and development	2,148	43.1	2,053	42.8	2,387	44.4	2,424	43.4
Production	1,518	30.5	1,585	33.0	1,790	33.3	1,948	34.9
Sales and marketing	746	15.0	684	14.3	702	13.1	707	12.7
General and administrative	401	8.1	328	6.8	351	6.5	353	6.3
Logistics	167	3.3	150	3.1	146	2.7	150	2.7
Total	4,980	100.0	4,800	100.0	5,376	100.0	5,582	100.0

As required by PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including, among other things, pension, medical insurance, unemployment insurance, maternity insurance, on-the-job injury insurance and housing fund plans through a PRC government-mandated benefit contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our staff, up to a maximum amount specified by the local government from time to time.

We typically enter into standard employment agreements and confidentiality agreements or clauses with our senior management and core personnel. None of our employees is represented by a collective bargaining agreement, and we have never experienced any material work stoppage during the Track Record Period and up to the Latest Practicable Date.

Properties

We have a global presence that allows us to support our customers around the world. Our global corporate headquarters is located in a property we own in Shanghai, with a gross floor area of

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approximately 51,641.0 square meters. We also own land and properties in Songjiang, Shanghai and Santa Clara, California where our offices and research and development facilities are located. Our new R&D center being constructed in a property we own in Lingang, Shanghai is expected to increase the gross floor area of our R&D facilities by 101,764.2 square meters. This construction plan involves infrastructure development and facility renovation. See “Future Plans and Use of Proceeds” for more information. Our other facilities around the world are located on leased properties. As of the Latest Practicable Date, we had not received any claims from third-parties disputing the ownership of our properties. As confirmed by our PRC Legal Advisor, our Company and the Major Subsidiaries legally and validly own the aforementioned properties, with no existing or potential ownership disputes. As of June 30, 2020, none of the properties leased or owned by us had a carrying amount of 15% or more of our combined total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

The following table sets forth an overview of the key properties that we owned as of June 30, 2025.

Location	Gross Floor Area	Main Use
Santa Clara, U.S.	101,193.0 sq ft	Office
Shanghai, PRC	66,669.4 sq m	Factory, Warehouse (under construction)
Shanghai, PRC	51,641.0 sq m	Office, Rental
Shanghai, PRC	39,596.8 sq m	Factory, Warehouse
Shanghai, PRC	21,682.5 sq m	R&D, Office (under construction)
Shaoxing, PRC	36,301.3 sq m	Factory, Warehouse
Shanghai, PRC	12,932.8 sq m	Factory, Warehouse
Shanghai, PRC	9,279.02 sq m	Rental
Suzhou, PRC	570.5 sq m	Office
Beijing, PRC	403.4 sq m	Office

INSURANCE

We maintain insurance policies that are required under the laws and administrative regulations of the jurisdiction where we operate as well as based on our assessment of our operational needs and industry practice. We maintain insurance policies on our buildings, equipment and inventories covering property damage and damage due to, among other events, fires, typhoons, earthquakes and floods. We maintain these insurance policies on our facilities and on transit of inventories. Additionally, we maintain director and officer liability insurance. In compliance with the applicable PRC laws and regulations, we also provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees. We do not have insurance for business interruptions, nor do we maintain product liability insurance or have key person insurance.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of

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any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, including patent, commercial, professional liability, product liability, employment, class action, and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. In addition, third parties may from time to time assert claims against us in the form of letters and other communications. The results of any future litigation or administrative proceeding cannot be predicted with certainty, and regardless of the outcome, litigation and administrative proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material or systemic non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

Internal Control Mechanism

We have adopted and implemented various policies and procedures to ensure rigorous risk management and internal control, and we are dedicated to continually improving these policies and procedures. Pursuant to our risk management policy, our key risk management objectives include: (i) identifying different types of risks; (ii) analyzing the identified risks, setting appropriate risk resistant level, and designing responsive policies and procedures; (iii) establishing a risk control and compliance management professionals organization; (iv) leveraging our IT systems to improve the accuracy and efficiency of related controls; (v) regularly reviewing risk management policies and relevant internal control systems to adapt to changes in regulatory updates, market conditions or our operating activities; and (vi) monitoring implementation of those designed policies and procedures.

Our risk management and internal control policies and procedures cover various aspects of our business operations, such as quality control, financial reporting, information disclosure, information system, internal control, human resources and regulatory risk management. We have taken various internal control measures and will continue to monitor and enhance our internal control policies to ensure our compliance with the requirements under the listing rules of the Shanghai Stock Exchange, the SIX Swiss Exchange and the Hong Kong Stock Exchange. We have formulated and implemented the Policy on Inside Information and Securities Dealing, which provides that (a) the Directors, officers or employees of the Company shall keep inside information confidential; and (b) the Company's financial results or forecasts, its annual, half-year and quarterly reports, or related information shall not be disclosed prior to the publication of announcements by our Company. Among others, the Policy on Information Disclosure we set in place, which will take effect upon the Listing, provides that (i) a shareholder holding 5% or more of the shares of our Company shall notify us in the event of any change in its shareholding of our Company, any major change in its control of the Company or any other circumstances as required under the listing rules of our Company's place of listing, and (ii) the Directors, senior management and other staff who have access to material non-public information of the Company shall keep such information confidential and no inside information may be disclosed in the press conferences for the financial results, meetings with analysts, roadshow, meetings with

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potential investors or other meetings or communications in respect of the operations, financial conditions or other matters of the Company. Furthermore, the Directors and senior management of the Company have attended and will continue to attend trainings on securities laws and continuing compliance obligations under the listing rules of the Shanghai Stock Exchange, the SIX Swiss Exchange and the Hong Kong Stock Exchange. We have also engaged a compliance adviser to advise us on the compliance with the applicable laws, regulations and listing rules.

Anti-bribery and Anti-corruption

We strictly adhere to our Anti-Bribery and Anti-Corruption Policy, and we maintain a “zero tolerance” stance toward bribery and corruption. Based on regular risk assessments of critical areas vulnerable to bribery and corruption, we continuously review and enhance our policies and controls. Each year, our Audit Department evaluates and analyzes key issues based on the outcomes of corruption and bribery complaints, with the goal of minimizing such incidents, protecting our company’s reputation and credibility, and ensuring full operational compliance. Additionally, we have established robust document and records archiving policies to properly record all transactions and activities. This enables us to efficiently support internal and external audits and investigations whenever necessary.

We have established a public whistleblowing channel (whistleblower@ovt.com) and formulated a comprehensive Whistleblowing Policy to promote effective supervision of our business activities. This policy clearly defines the scope of whistleblowing, available reporting channels, protective measures for whistleblowers, and other detailed provisions.

Upon receiving any whistleblowing reports suspected of violations of business ethics, our internal audit department promptly assigns qualified internal or external investigators to conduct a thorough investigation. If the allegations are substantiated, we take appropriate actions based on the severity of the case, which may include disciplinary measures, dismissal, or termination of cooperation with the involved personnel.

We place great importance on protecting whistleblowers and witnesses, committing to strict confidentiality to safeguard their identities. This ensures that whistleblowers and witnesses are shielded from harassment, accusations, or retaliation, fostering a secure environment for reporting concerns.

To comply with applicable sanctions and export controls regulations, we maintain a trade compliance program which includes policies, standard operating procedures, automated control systems, compliance governance organization and an inquiry and reporting mechanism. We have been continually investing resources to enhance the program over the past years. As part of this compliance program, we generally screen our customers and suppliers against consolidated sanctions lists. We have also incorporated sanctions compliance controls into our IT systems, which, for example, do not allow orders from or destined to certain sanctioned countries.

Tariff and Export Control Policy Monitoring

Our business operations and financial performance may be influenced by geopolitical risks. Geopolitical tensions have resulted in and may continue to cause changes in international trade policies and additional barriers to trade such as increased tariffs and export restrictions. In addition, recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, more extensive export controls and other restrictive measures targeting high-technology goods, semiconductors and

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electronics. Our products were subject to a 25% Section 301 tariff during the Track Record Period until January 1, 2025, which had increased to 50% since then. From February to April 2025, the United States imposed a series of additional tariffs peaked at 145% on all Chinese goods, except for certain consumer electronics produced in China, which was lowered to 30% until August 11, 2025 and further until November 10, 2025 based on the joint statement between China and U.S. issued on May 12, 2025 and an executive order signed by the president of the United States on August 11, 2025. As of the Latest Practicable Date, the U.S. imposed 70% tariffs in aggregate on semiconductor products from China. On December 23, 2025, the U.S. announced that it would increase tariffs on Chinese semiconductor imports, with an initial tariff level of zero, increasing in 18 months on June 23, 2027, to a rate to be announced not fewer than 30 days prior to that date. Further, during each period of the Track Record Period, revenue from sales of our products shipped to the United States accounted for less than 5% of our total revenue in each period. In 2022, 2023, 2024, and in the six months ended June 30, 2025, we had 5, 4, 8 and 7 customers, respectively, and 2, 1, 4 and 3 suppliers, respectively, that were included on the Entity List and/or the NS CMIC List during these respective periods. During the Track Record Period, we consistently complied with the applicable licensing, documentation and other requirements in accordance with U.S. export control rules and did not encounter any material issue related to U.S. export controls. Our trade compliance program helps us adhere to U.S. export control requirements. Since October 2021, the U.S. has introduced tightened export control rules targeting China's access to advanced chips, supercomputers, and semiconductor manufacturing equipment — technologies often used in military applications; our products currently do not involve these technologies, and we do not design or manufacture AI chips or processors. We actively monitor and manage our supply chain risks, striving to diversify our supply sources. Overall, the geopolitical tension, trade restrictions and tariffs had not had a material impact on our business operations or financial performance, including supply chain, outsourced production and sales to customers, during the Track Record Period and up to the Latest Practicable Date.

Our legal department dynamically monitors the tariff and export control policymaking progress. Set forth below are several key measures our trade compliance team puts in place to mitigate risks of trade restrictions and tariffs:

- We constantly gather information to better understand the full scope of potential supply chain disruptions and higher tariffs on importing costs, if any, caused by potential tariff and export control policymaking.
- We regularly conduct risk planning and identify areas where we can build in supply chain flexibility to ensure we have the ability to quickly pivot if needed to respond to a rapidly changing tariff environment.
- We gather and review our contractual provisions, on both the buy and sell sides, to determine how the contracts address tariff-related risks. The goal is to ensure all contractual arrangements incorporate supply, sales, and pricing flexibility to deal with unanticipated tariff changes.
- We regularly examine export and import-related compliance to ensure we are complying with import and export operations and not underpaying customs tariffs.
- We regularly examine our historic and planned import and export patterns to identify available tariff-saving opportunities, including potential ways to minimize tariffs if certain tariff policy is substantially modified, or if additional tariffs are imposed.

Overall, U.S. export control measures (restrictions imposed under the EAR and tariffs) currently in place do not have a material impact on our business operations or financial performance. However, future developments in geopolitics could have additional impacts on our business operations and financial performance. See “Risk Factors—Risks Relating to Our Business and Industry—Our

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international strategy and ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Changes in international trade policies and investment restrictions, including imposition of additional trade restrictions and sanctions, may adversely impact our reputation, business, investments, financial condition and results of operations.”

Based on our implementation of the measures described above, our Directors are of the view that (i) our sales to the customers on the Entity List do not violate the EAR; (ii) the EAR and the other related laws and regulations on export controls had no material impact on the Group’s business operations and financial performance during the Track Record Period and up to the Latest Practicable Date and (iii) the Group complied with the EAR in all material respects during the Track Record Period and up to the Latest Practicable Date.

Opinion of the company’s export control legal advisor

The Company has engaged Cleary Gottlieb Steen & Hamilton (Hong Kong) (the “**Export Control Legal Advisor**”) to provide advice on export control laws and regulations imposed by the United States that are applicable to the business activities of the Group.

In its due diligence on the Company’s compliance with U.S. export controls, the Export Control Legal Advisor identified that the Company made sales to certain parties that had been designated by the BIS for inclusion on the Entity List, but these sales were either of items not subject to the EAR (and therefore not restricted by such designations) or were made pursuant to licenses issued by BIS. In respect of the licensed sales, the Export Control Legal Advisor advised that BIS issued such licenses pursuant to the applicable standards imposed at the time an entity is placed on the Entity List, which can include case-by-case, policy-of-denial and presumption-of-denial conditions. Although BIS does not typically explain the basis of its license issuances, in general, the issuances of a license pursuant to presumption-of-denial condition is considered less difficult to overcome than a policy-of-denial condition, but in either case the relevant application process must demonstrate to BIS that the relevant policies behind the entity’s designation on the Entity List are consistent with the particular items and conditions approved by the license, which can vary based on a wide range of foreign policy and national securities criteria, the nature of the item to be licensed, and any conditions to be included in the license. The issuance of the license demonstrates that the relevant condition has been satisfied. In addition, the fact that some of our suppliers were included on the Entity List during the Track Record Period and up to the Latest Practicable Date should not have a material impact on us. As advised by the Export Control Legal Advisor, Entity List designations do not prohibit purchases from an entity listed on the Entity List. Furthermore, the items purchased by us from our suppliers listed on the Entity List are not subject to the EAR. In respect of the Company’s EAR compliance, the Export Control Legal Advisor reviewed the documents and representations provided by the Company and performed certain investigations of factual matters that it considered customary in the context of the Global Offering, before reaching the views expressed below. On the basis of this due diligence and legal analysis, the Company’s Export Control Legal Advisor is of the view that:

(a) during the Track Record Period and up to the Latest Practicable Date, the Group has not violated the EAR in any material respect. In particular, the provision of the Company’s products or technology to the entities on the Entity List does not result in a violation of the EAR because no items subject to the EAR were provided to these entities while they were included on the Entity List or the transactions were conducted pursuant to licenses issued by BIS; and

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(b) based on the Company's confirmation that it will not use any portion of the net proceeds from the Global Offering to purchase, or export goods or services with U.S.-related contents from or to any entities listed on the applicable BIS lists without proper licensing from the BIS when required and based on the information available, the Global Offering is not reasonably expected to violate the EAR.

The Group had transactions with entities on the NS CMIC List during the Track Record Period and expects to continue to transact with certain of these entities. As advised by our Export Control Legal Advisor, companies on the NS CMIC List are subject to limited sanctions that prohibit U.S. persons from investing in publicly traded securities issued by such companies or any publicly traded securities that are derivatives of such securities. Given the narrow focus of sanctions applicable to companies on the NS CMIC List (which are not applicable to our Company or the Global Offering) and that we had not had any dealings with SDNs designated by OFAC or comprehensively OFAC sanctioned territories or jurisdiction during the Track Record Period and up to the Latest Practicable Date, the Directors do not believe that material sanctions risks discussed in Chapter 4.4 of the Guide for New Listing Applicants are implicated by our Group's activities. Based on these facts and the due diligence performed by our Export Control Legal Advisor, our Export Control Legal Advisor is of the view that the Company is compliant with relevant sanctions law and there is no material sanctions risk discussed in Chapter 4.4 of the Guide for New Listing Applicants.

The views of the Export Control Legal Advisor are based on its investigations of both law and facts, including the facts developed in its due diligence investigations in respect of the Company's compliance with the EAR, which included certain factual representations of the Company, which were relied on in reaching the conclusions above.

Summary of internal export control compliance measures

We conduct compliance measures to fulfil our obligations under U.S. export control laws, including (i) designating specific personnel in our legal department to conduct all necessary compliance measures in our routine business; (ii) conducting routine screening against our counterparties and assessing the applicable restrictions for dealing with any counterparties, including by obtaining and complying with BIS licenses for specific Entity List counterparties as required; (iii) requiring our customers to sign export control compliance commitments; (iv) requesting our suppliers and contract manufacturers to complete due diligence questionnaires to confirm whether the items supplied to us and the items used in the manufacturing process for our products are subject to the EAR; (v) confirming applicable trade compliance obligations in the contracts with suppliers; (vi) engaging with our contracting manufacturers to ensure that information provided to us is accurate and up to date; and (vii) engaging our compliance and technical teams to review and assess the relevant export control classifications of our final products. We also regularly consult with our external U.S. export control counsel to monitor developments in law, regulation and best-practices for compliance.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we have obtained all material and necessary licenses, approvals, permits, and certificates required for our business operations in the jurisdictions where we operate, and all such licenses, permits, approvals, and certificates remain valid and in effect.

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AWARDS AND RECOGNITIONS

During the Track Record Period and up to the Latest Practicable Date, we have received numerous accolades for both our technologies and products. Some of the most notable awards and recognitions are listed below.

Award Year	Award/Recognition	Awarding Institution/Authority
2025	BIG Innovation Awards - OMNIVISION TheiaCel- Product Family - Automotive Industry	Business Intelligence Group, an independent institution that awards world-changing technologies
2024	2024 Automotive IC Technology Breakthrough of the Year Award	China Semiconductor Investment Alliance, an industry alliance consisting of reputable Chinese investment institutions and companies involved in the semiconductor industry
2024	2024 Global Supply Chain Breakthrough of the Year Award	China Semiconductor Investment Alliance
2024	“China Chip” Outstanding Technological Innovation Product Award - System Basis Chip (SBC)/OKX0210	China Center for Information Industry Development, a public institution supervised by China’s Ministry of Industry and Information Technology
2024	2024 Star Product Award in the Global CMOS Industry	Shenzhen Camera Industry Association, an industry alliance consisting of entities involved in camera industry in Shenzhen, China
2024	2024 World Electronics Achievement Awards – Sensor of the Year - OCH2B Camera Module	AspenCore, well-known global media platform covering the electronics industry
2024	2024 Top 10 Chinese IC Design Companies	AspenCore
2024	Best Sensor of the Year 2024 (OX08D)	AspenCore
2023	The 2nd Compass Tech Awards for Innovative Auto Semiconductor Company of the Year 2023	The 3rd China (Lin-Gang) International Semiconductor Summit in 2023, an industry conference supported by the Lin-gang government in Shanghai
2023	The 10th Auto Electronic Innovation Awards	Shanghai Society of Automotive Engineers, an academic organization focused on Chinese automotive industry
2023	2023 Gaogong Golden Globe Award - Leading Provider of Automotive Image Sensors of the Year	Gaogong Intelligent Auto Research Institute, a research organization focused on the intelligent automotive industry

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Award Year	Award/Recognition	Awarding Institution/Authority
2023	2023 People's Choice Award - Autonomous Vehicle	CAEV Expo, an exhibition focused on automotive technologies supported by the Ministry of Electronics and Information Technology of India
2023	2023 World Electronics Achievement Awards - Best Sensor of the Year (OV50H)	AspenCore
2023	Sensory Technology: Sensory Technology Solution of the Year (OX08D/ TheiaCel®)	Merit Awards, an independent awards program that recognizes global industries and the market they serve
2023	Med-Tech Innovations Awards 2023 Finalist (OCH2B & AntLinx™ Endoscope Imaging)	Med-Tech Innovator, an independent global competition administer and accelerator for medical device, digital health and diagnostic companies
2023	Automotive-Grade Chip Technology Breakthrough of the Year (OX08D10)	China Semiconductor Investment Alliance, JW Insights
2022	2022 Platinum Award for Digital Video Creation	Association of Marketing and Communication Professionals, an independent administer of international competitions for marketing and communication professionals
2022	2022 Gold Award for Social Media	Association of Marketing and Communication Professionals
2022	2022 China Semiconductor Market Leader Award	World Semiconductor Conference & Nanjing International Semiconductor Expo, an international conference and exhibition in the semiconductor industry
2022	2022 Best Imaging Solutions Manufacturer	Global Health and Pharma Magazine, an information exchange platform in healthcare and pharmaceuticals
2022	2022 Phoenix Chapter Spectrum Awards	American Marketing Association, an association of American marketing professionals.
2022	2022 Video, Visual & Virtual Awards - Winner of Best Virtual Customer Engagement Event	Lawrence Ragan Communications, Inc., an administer of awards that recognize successful marketing projects
2022	2022 Video, Visual & Virtual Awards - Honorable Mention for Company Overview Video	Lawrence Ragan Communications, Inc.

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Award Year	Award/Recognition	Awarding Institution/Authority
2022	2022 Q1 Top 10 global IC design companies	TrendForce, a consultation service provider focused on high technology industry
2022	2022 Top 10 Chinese IC Design Companies	AspenCore
2022	Comprehensive strength index of 70 domestic IC design listed companies	AspenCore
2022	Growth potential index of 70 domestic IC design listed companies	AspenCore
2022	2022 World Electronics Achievement Awards Annual Sensor	AspenCore
2022	2022 Truly Innovative Electronics Award	Truly Innovative Electronics, an initiative by tech journalists to select electronics that they believe are critical for solving challenges faced by technology innovators
2022	2022 Innovators Awards: Silver Award	Vision Systems Design, a global media platform specialized in machine vision and image processing, demonstrating our relentless efforts to expand the frontiers of our image sensors through innovation
2022	2022 Leadership in Engineering Achievement Program Award: Embedded Computing - Bronze	LEAP Awards, which stands for The Leadership in Engineering Achievement Program Awards from Design World magazine, recognizes the most innovative products and components in the design engineering space
2022	2022 Best Imaging Solutions	AI Breakthrough Awards, an independent awards program that recognizes the world's most innovative companies, technologies and products in the artificial intelligence industry
2022	2022 Most Innovative In-Cabin Perception Application - Silver Award	AutoSens Awards, which recognize world Leading ADAS and autonomous vehicle perception technology
2022	Hardware Development of the Year - Silver	AutoSens Awards

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Mr. YU Renrong is the founder of our Group, the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. As of the Latest Practicable Date, Mr. YU Renrong is the direct beneficial owner of 303,472,250 A Shares of our Company and indirectly owns 74,132,662 A Shares of our Company through Shaoxing Weihao Management. Shanghai Qingen, which owns 99.72% equity interest in Shaoxing Weihao Management, is the general partner of Shaoxing Weihao Management. Qingdao Qingen, which owns 0.28% equity interest in Shaoxing Weihao Management, is the limited partner of Shaoxing Weihao Management. Qingdao Qingen owns 1.25% equity interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Mr. YU Renrong owns 98.75% equity interest in Shanghai Qingen and is the limited partner of Shanghai Qingen. Mr. YU Renrong owns 91.67% equity interest in Qingdao Qingen. The remaining 8.33% equity interest in Qingdao Qingen is held by an Independent Third Party. In addition, Mr. YU Xiaorong, brother of Mr. YU Renrong, is the direct beneficial owner of 972,000 A Shares of our Company. According to the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》) promulgated by the CSRC, unless there is evidence to the contrary, any natural person holding more than 30% of the equity interest in a direct shareholder of an A-share listed company, and the siblings of such natural person, are collectively deemed to be (i) persons acting in concert with the direct shareholder; and (ii) interested in the shares in the A-share listed company owned by the direct shareholder. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong constitute our Controlling Shareholders, holding approximately 31.30% of the issued share capital and 31.40% of the voting rights of our Company immediately before the Global Offering.

Immediately following the completion of the Global Offering and assuming that no new Shares are issued under the Over-allotment Option and our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, our Controlling Shareholders will hold approximately 30.15% of the issued share capital, representing 30.25% of the voting rights of our Company based on our total issued share capital excluding treasury shares.

Shaoxing Weihao Management is a partnership established under the laws of the PRC on December 12, 2017, whose sole business is to hold beneficial interest of our Company. Shanghai Qingen is a partnership established under the laws of the PRC on January 27, 2016, whose sole business is to hold beneficial interest of Shanghai Weihao Management. Qingdao Qingen is a company established under the laws of the PRC on February 22, 2018, whose sole business is to hold beneficial interest of Shanghai Qingen and Shaoxing Weihao Management. Save for the business of our Group, each of our Controlling Shareholders does not currently have any interest in a business that competes or is likely to compete, whether directly or indirectly, with our Group’s business.

DISCLOSURE UNDER RULE 8.10(1) OF THE LISTING RULES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10(1) of the Listing Rules.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their close associates after the Listing.

Management independence

Our business is managed and conducted by our Board and senior management. Upon Listing, our Board will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors and senior management, see “Directors and Senior Management” in this document.

In addition, our Directors consider that our Board and senior management are capable of functioning independently of our Controlling Shareholders for the following reasons:

- (a) each Director is aware of his fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;
- (c) we have appointed three independent non-executive Directors, comprising one-third of the total members of the Board, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive Directors and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole. In particular, the three independent non-executive Directors possess the relevant qualifications and industry experiences to safeguard the interests of the minority Shareholders of our Company by, among other things, reviewing and opining on connected transactions of our Company, if any, including those between our Company and our Controlling Shareholders and/or their close associates. Please refer to the section headed “Directors and Senior Management” for details of the biographies of the independent non-executive Directors;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions;
- (e) our Company is an A-share listed company and has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

potential conflict of interest and shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted; and

- (f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. Please see “—Corporate Governance Measures” in this section for further information.

Based on the above, our Directors believe that our business is managed independently from our Controlling Shareholders.

Operational independence

Our Company will continue to operate independently from our Controlling Shareholders after the Listing. Our Company makes and implements operational decisions independently of our Controlling Shareholders and has our own organizational structure with independent departments, each with specific areas of responsibility. Furthermore, we have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. Our Company also maintains a set of comprehensive internal control measures to facilitate the effective operation of our business. Our Company has independent channels to access our customers and is not dependent on our Controlling Shareholders with respect to suppliers for our business operations. Our Company has its own employees to operate the business and can independently manage its human resources. We have obtained relevant licenses, approvals and permits from relevant regulatory authorities which are material to our operations in Chinese Mainland and other jurisdictions.

Based on the above, our Directors believe that our business is operationally independent of our Controlling Shareholders.

Financial independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and a strong credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with our Controlling Shareholders. We are also capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. We do not expect to rely on our Controlling Shareholders or any of their close associates for financing after the Listing as we expect that our working capital will be primarily funded by cash generated from our business operation, and to a lesser extent, external indebtedness.

As of the Latest Practicable Date, our Controlling Shareholders or their associates did not provide any loans to the Group or guarantee any loans of the Group.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Shaoxing Weihao Management held Convertible Bonds with an outstanding principal amount of RMB2,319,000, which were convertible to 14,328 A Shares representing less than 0.002% of the total share capital of our Company on a fully converted basis, assuming a conversion price of RMB161.84 as of the Latest Practicable Date. In the event of full conversion of all outstanding Convertible Bonds, Shaoxing Weihao Management shall hold an aggregate of 74,146,990 A Shares, representing approximately 6.13% of the total share capital of the Company on a fully converted basis as of the Latest Practicable Date, 5.91% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised), and 5.87% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is exercised). The Convertible Bonds are publicly listed and traded on the Shanghai Stock Exchange with terms set by market processes and identical for all investors, including Shaoxing Weihao Management who participates solely as an arm's length security holder. As standardized, publicly traded securities with an embedded equity conversion option, the Convertible Bonds were issued as a market-based financing instrument of our Company. Their structure and the absence of any special rights or bilateral loan agreements distinguish them fundamentally from a shareholder's loan, and the outstanding principal amount held by Shaoxing Weihao Management as well as the number of A Shares convertible from such Convertible Bonds were insignificant. Furthermore, our Company has diverse and ample sources of funding, such as unutilized bank facilities of RMB8.4 billion as of October 31, 2025. For more details, please refer to "Financial Information—Indebtedness—Borrowings" in this document. Therefore, our Company is of the view that the financial independence of our Company from our Controlling Shareholders is not affected. Other than Shaoxing Weihao Management, none of our Controlling Shareholders held any Convertible Bonds as of the Latest Practicable Date.

Our Controlling Shareholders have given an undertaking to our Company and the Stock Exchange pursuant to Rule 10.07 of the Listing Rules. For more details, please refer to "Underwriting—Underwriting Arrangements and Expenses—Undertakings to the Stock Exchange pursuant to the Listing Rules" in this document. Shaoxing Weihao Management has also confirmed to our Company that it has no intention to convert any of the outstanding Convertible Bonds that it holds into A Shares from the Latest Practicable Date up to the end of the six-month period after the Listing Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. Our Company will comply with the provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules, which set out principles of good corporate governance in relation to, among other matters, directors, the chairperson and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with Shareholders. We have adopted/will adopt the following corporate governance measures to resolve actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) under the Articles, where a Shareholders' meeting is held to consider proposed transactions in which our Controlling Shareholders are, under the Listing Rules, required to abstain, our Controlling Shareholders shall abstain from voting and their votes shall not be counted in respect of such transactions;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (b) our Company has established internal control mechanisms to identify connected transactions. Upon Listing, if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;
- (c) our Board consists of a balanced composition of executive, non-executive and independent non-executive Directors, with not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors, details of whom are set out in the section headed “Directors and Senior Management”, individually and collectively possess the requisite knowledge and experience to perform their roles. They will review whether there is any conflict of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interest of our minority Shareholders;
- (d) our independent non-executive Directors will continuously review the compliance of the non-competition and independence undertakings provided by our Controlling Shareholders;
- (e) in the event that our independent non-executive Directors are requested to review any conflict of interests circumstances between our Group, on one hand, and our Controlling Shareholders and/or our Directors, on the other hand, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information for consideration. Where our independent non-executive Directors reasonably request the advice of independent professionals, such as financial advisers, to help them make the judgment, the appointment of such independent professionals will be made at the expense of our Company; and
- (f) we have appointed Guotai Junan Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders’ interests after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Upon Listing, our Board will consist of nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. The independent non-executive Directors shall not hold office for more than six consecutive years pursuant to the relevant PRC laws and regulations.

Our Company no longer maintains a supervisory board, effective June 10, 2025.

DIRECTORS

The following table provides information about our Directors:

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and duties
Mr. YU Renrong (虞仁榮先生)	59	Executive Director and Chairman of the Board	May 2007	May 2007	Overall strategic planning, business development and management of our Group
Mr. WU Xiaodong (吳曉東先生)	57	Executive Director	January 2018	November 2022	Global sales and marketing
Mr. JIA Yuan (賈淵先生)	51	Executive Director and Deputy General Manager	February 2011	June 2018	Overall strategic planning and management of our Group
Ms. QIU Huanping (仇歡萍女士)	50	Executive Director	September 2003	October 2023	Overall strategic planning and human resources management of our Group
Mr. LYU Dalong (呂大龍先生)	63	Non-executive Director	June 2020	June 2020	Providing advice on operation and management of our Group
Ms. CHEN Yu (陳瑜女士)	48	Non-executive Director	June 2025	June 2025	Providing advice on operation and management of our Group
Mr. ZHU Liting (朱黎庭先生)	64	Independent non-executive Director	June 2022	June 2022	Supervising and providing independent opinion and judgment to the Board
Ms. FAN Mingxi (范明曦女士)	46	Independent non-executive Director	June 2025	June 2025	Supervising and providing independent opinion and judgment to the Board
Mr. MOU Lei (牟磊先生)	63	Independent non-executive Director	June 2025	June 2025	Supervising and providing independent opinion and judgment to the Board

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. YU Renrong (虞仁榮先生), aged 59, is our Director and Chairman of the Board. Mr. Yu founded our Company in 2007 and served as the deputy chairman of the Board of Directors and general manager from May 2007 to April 2011. Since April 2011, Mr. Yu has been the chairman of our Board of Directors.

Mr. Yu has 35 years of experience in the electronics industry. From July 1990 to May 1992, Mr. Yu was an engineer of Inspur Group Co., Ltd. (浪潮集團有限公司). Mr. Yu was a sales manager of Beijing representative office of Longyue Electronic (HK) Limited* (龍躍電子(香港)有限公司) from June 1992 to February 1998. From February 1998 to September 2001, Mr. Yu served as the chairman of the board of directors of Beijing Huaqing Xingchang Science and Trade Co., Ltd. (北京華清興昌科貿有限公司). Mr. Yu held several positions within our Group, including the executive director and manager of Beijing Jinghongzhi from September 2001 to November 2020, the executive director and general manager of Shenzhen Jinghongzhi from May 2003 to October 2020, and the chairman of the board of directors of Waching Electronic from September 2006 to May 2007. Mr. Yu also served as the chairman of the board of directors of Beijing Taihe Zhiheng Technology Co., Ltd.* (北京泰合志恒科技有限公司) from July 2014 to January 2021. He has been the director of Wuhan Guohe Technology Co., Ltd. (武漢果核科技有限公司) since July 2014. Since September 2015, He has been serving as the general partner of Shanghai Jingen Asset Management Partnership Enterprise (Limited Partnership) (上海京恩資產管理合夥企業(有限合夥)). From September 2017 to present, Mr. Yu has been the director and general manager of Beijing OmniVision, a subsidiary of our Company. Since January 2018, he has also been serving as a non-executive director of HENGHUI Technology Corporation Limited (新恒匯電子股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 301678). Since May 2024, Mr. Yu has been a non-executive director of Ingenic Semiconductor Co., Ltd. (北京君正集成電路股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 300223).

Mr. Yu graduated from Tsinghua University (清華大學) with a bachelor's degree in engineering, specializing in radio communications technology and information systems, in July 1990.

Mr. WU Xiaodong (吳曉東先生), aged 57, is our Director. He joined our Group in January 2018 and was elected our Director in November 2022. He also serves as senior vice president of global sales and marketing of the Group.

Mr. Wu has more than 30 years of experience in the semiconductor industry. From April 1989 to February 2004, he served as senior sales manager of the semiconductor division of Motorola, Inc. From February 2004 to April 2005, Mr. Wu served as the marketing director of Shanghai Freescale Technology Co., Ltd.* (上海飛思卡爾科技有限公司). He was the general manager in China of Xilinx China Technology Co., Ltd.* (賽靈思中國科技有限公司) from April 2005 to August 2008. From August 2008 to September 2012, Mr. Wu served as the president of the Asia Pacific region of Tiler Corporation* (泰邇睿公司). He served as the sales vice president of the Asia Pacific region of Lantiq Information Technology Co., Ltd.* (領特通信技術有限公司) from October 2012 to June 2015. From July 2015 to December 2017, he served as the general manager of Marvell Technology (Shanghai) Co., Ltd.* (美滿技術(上海)有限公司). Mr. Wu has been serving as the director of Xinkai Medical Technology (Shanghai) Co., Ltd. (心凱諾醫療科技(上海)有限公司) since January 28, 2021. He has also been serving as the director of Shanghai Jingxin Haotong Semiconductor Technology Co., Ltd. (上海景芯豪通半導體科技有限公司), a company mainly engaged in semiconductor research and development, since June 2022.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wu obtained a bachelor's degree in radio communications technology and a master's degree in communications and electronic systems from Tianjin University (天津大學) in July 1987 and March 1989, respectively, and an MBA degree from Northwestern University in December 2003.

Mr. JIA Yuan (賈淵先生), aged 51, is our Director and deputy general manager. Mr. Jia was elected our Director in June 2018 and appointed our deputy general manager in July 2023. He also served as secretary to our board of directors from February 2011 to September 2021 and our chief financial officer from February 2011 to June 2025.

Mr. Jia was an audit manager at Shanghai Accountants Firm Co., Ltd. (上海會計師事務所有限公司) from August 1996 to July 2001. He was a senior manager at BDO Certified Public Accountants Co., Ltd. (立信會計師事務所有限公司) from August 2001 to January 2011. Mr. Jia has been a director of Shanghai Simpli Semiconductor Co., Ltd.* (上海夷易半導體有限公司) since November 2017. He has been serving as a supervisor of Hefei Weihao Semiconductor Technology Co., Ltd.* (合肥韋豪半導體技術有限公司) since December 2018. He has been the executive director of OmniVision Analog Integrated Circuit (Beijing) Co., Ltd.* (豪威模擬集成電路(北京)有限公司) since January 2020. Mr. Jia has also been the executive director of Zhejiang Will since June 2020.

Mr. Jia obtained a bachelor's degree in accounting from Hangzhou Dianzi University (杭州電子科技大學) (previously known as Hangzhou Electronic Industrial College* (杭州電子工業學院)) in July 1996. Mr. Jia is a non-practicing member of the Chinese Institute of Certified Public Accountants. He also holds the qualification certificate for serving as the secretary to the board of directors issued by the Shenzhen Stock Exchange in June 2011.

Ms. QIU Huanping (仇歡萍女士), aged 50, has been our Director since October 2023. Under PRC law, she is an employee-representative director of our Company.

Ms. Qiu joined our Group in September 2003 as human resources supervisor, and currently serves as senior director of human resources of our Group. Before joining our Company, Ms. Qiu was an assistant in the business department of Haier Group Corporation (海爾集團公司) from July 1998 to January 1999. Ms. Qiu served as the manager of human resources and administration at Shanghai Mingshi Computer Co., Ltd.* (上海明釋電子有限公司) from January 2000 to December 2001 and at Aoduo (Shanghai) Construction Products Co., Ltd.* (奧多(上海)建築製品有限公司) from January 2002 to August 2003.

Ms. Qiu graduated from the Department of Computer Science and Engineering at Tongji University (同濟大學) in July 1998.

Non-Executive Directors

Mr. LYU Dalong (呂大龍先生), aged 63, has been our Director since June 2020.

Mr. Lyu possesses extensive experience in the fields of engineering and technology. From 1992 to 1993, he served as the general manager of Hainan Zhongfa Company China Township Enterprises Investment and Development Corporation* (中國鄉鎮企業投資開發有限公司海南中發公司). He was the general manager of Hainan Guoshitong Investment Company* (海南國世通投資公司) and Beijing Wanquan Garden Real Estate Development Co., Ltd. (北京萬泉花園物業開發有限公司) from 1993 to 2001. Between 2001 and 2021, Mr. Lyu served as director, manager, chairman, and/or general manager at companies, such as Huaqing Jiye Investment Management Co., Ltd.* (華清基業投資管理有限公司), Tongfang Huaqing Investment Management Co., Ltd.* (同方華清投資管理有限公司), Qingdao

DIRECTORS AND SENIOR MANAGEMENT

Qingmai High-Energy Electronic Irradiation Co., Ltd.* (青島青邁高能電子輻照有限公司), Beijing Qidi Mingde Venture Capital Co., Ltd.* (北京啟迪明德創業投資有限公司), Beijing Huaqing Borong Technology Co., Ltd.* (北京華清博融科技有限公司), Beijing Jiarui Intelligent Technology Group Co., Ltd.* (北京伽睿智能科技集團有限公司), and Zhongshan Xinnuo Technology Co., Ltd.* (中山新諾科技股份有限公司) and Mr. Lyu remains in these positions to date. He has served as a non-executive director of HENGHUI Technology Corporation Limited (新恒匯電子股份有限公司), a company listed on the Shenzhen Stock Exchange (SZSE: 301678) since November 2023, and an independent director at Chongqing VDL Electronics Co., Ltd. (重慶市紫建電子股份有限公司) since May 2024, a company listed on the Shenzhen Stock Exchange (SZSE: 301121) specializing in the design, production and sale of rechargeable lithium-ion battery products. He has also been an independent director at Tus-Design Group Co., Ltd. (啓迪設計集團股份有限公司) since June 2024, a company engaged in whole-process engineering design and consulting listed on the Shenzhen Stock Exchange (SZSE: 300500).

Mr. Lyu obtained a bachelor's degree in engineering, specializing in air conditioning engineering, from Tsinghua University (清華大學) in July 1983.

Ms. CHEN Yu (陳瑜女士), aged 48, has been our Director since June 2025.

From July 1998 to July 2002, Ms. Chen was an engineer in the Equipment Department of Shanghai Hua Hong NEC Electronics Co., Ltd. (上海華虹NEC電子有限公司) where she was responsible for product research and development. From August 2002 to May 2011, Ms. Chen was an engineer in the quality engineering department, a chief engineer in the new technology introduction department, and a senior manager in the customer engineering department, of Semiconductor Manufacturing International* (中芯國際), a company dual listed on the Hong Kong Stock Exchange (HKEx: 981) and the Shanghai Stock Exchange (SHSE: 688981). From June 2011 to March 2018, Ms. Chen was head of the sales department of Shanghai Huali Microelectronics Co., Ltd.* (上海華力微電子有限公司). From March 2018 to February 2022, Ms. Chen was the head of the sales department of Shanghai Huali Integrated Circuit Corporation (上海華力集成電路製造有限公司). Ms. Chen serves as a managing director of Yuanhe Puhua (Suzhou) Investment Management Co., Ltd.* (元禾璞華(蘇州)投資管理有限公司). Ms. Chen has also served as a director of several companies, including a director of Suzhou Sail Science & Technology Co., Ltd. (蘇州賽爾科技有限公司) since January 2024, a director of Xi'an Jili Electronic New Material Co., Ltd.* (西安吉利電子新材料股份有限公司) and Zhejiang Yasheng Semiconductor Equipment Co., Ltd. (浙江亞笙半導體設備有限公司) since March 2024, a director of Honghu (Suzhou) Semiconductor Technology Co., Ltd.* (泓澍(蘇州)半導體科技有限公司) since May 2024, a director of Ningbo Chuangrun New Material Co., Ltd. (寧波創潤新材料有限公司) since July 2024, a director of Dierberg (Shenzhen) Intelligent Technology Co., Ltd. (帝爾博格(深圳)智能科技有限公司) since August 2024. Since September 2024, Ms. Chen has been a director of Suzhou Tengxin Microelectronics Co., Ltd. (蘇州騰芯微電子有限公司), a director of Feejoy Technology (Shanghai) Co., Ltd. (飛卓科技(上海)股份有限公司), and a director of Gyrobot Technology (Suzhou) Co., Ltd. (捷螺智能設備(蘇州)有限公司). Ms. Chen has also been a director of Youwei Image Technology (Suzhou) Co., Ltd. (有為圖像技術(蘇州)有限公司), a director of Xinshuai Intelligent Technology (Suzhou) Co., Ltd.* (芯率智能科技(蘇州)有限公司), a director of Xihe Microelectronics Technology (Shanghai) Co., Ltd.* (矽赫微科技(上海)有限公司), and a director of Shanghai Zhiman Technology Co., Ltd. (上海知滿科技有限公司), with appointments to these boards beginning between January 2025 and April 2025.

Ms. Chen obtained a bachelor's degree in chemical engineering from East China University of Science and Technology (華東理工大學) in July 1998 and an EMBA degree from Fudan University (復旦大學) in June 2017.

DIRECTORS AND SENIOR MANAGEMENT

Independent Non-Executive Directors

Mr. ZHU Liting (朱黎庭), aged 64, has been our independent non-executive Director since June 2022.

Mr. Zhu was an attorney at Boss & Young Attorney at Law (上海邦信陽中建中匯律師事務所) from 1997 to 2017 where the last position he held was partner. He has been a partner at Grandway Law Offices (北京國楓(上海)律師事務所) since 2017. Since June 2019, he has been an independent director of Shanghai Guangdian Electric (Group) Co., Ltd. (上海廣電電氣(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (SHSE: 601616). He has also been a director of Lao Feng Xiang Co., Ltd. (老鳳祥股份有限公司) since June 2019, a company listed on the Shanghai Stock Exchange (SHSE: 600612). From December 2021 to January 2025, Mr. Zhu served as an independent director of Omh Science Group Co., Ltd. (東杰智能科技集團股份有限公司), an intelligent manufacturing service provider listed on the Shenzhen Stock Exchange (SZSE: 300486). Since November 2025, Mr. Zhu has also served as an independent director of Zhejiang Wansheng Co., Ltd. (浙江盛股份有限公司), a company engaged in the research and development of functional fine chemicals, listed on the Shanghai Stock Exchange (SHSE: 603010).

Mr. Zhu obtained a bachelor's degree in law from Fudan University (復旦大學) in July 2003 and holds the independent director qualification issued by the Shanghai Stock Exchange in June 2016.

Ms. FAN Mingxi (范明曦女士), aged 46, has been our independent non-executive Director since June 2025.

From July 2003 to October 2008, Ms. Fan held various positions in the global markets division of Deutsche Bank AG, Hong Kong Branch where the last position she held was vice president, equity structuring. From October 2008 to March 2024, Ms. Fan held various positions in the global markets department of UBS AG Hong Kong Branch where the last position she held was managing director, deputy head of Global Markets, China. Since September 2025, Ms. Fan has been an independent director of Proya Cosmetics Co., Ltd. (珀萊雅化妝品股份有限公司), a beauty and personal care company listed on the Shanghai Stock Exchange (SHSE: 603605).

Ms. Fan obtained a bachelor's degree in international finance and accounting in July 2001 and a master's degree in applied economics in July 2003, both from Tsinghua University (清華大學).

Mr. MOU Lei (牟磊先生), aged 63, has been our independent non-executive Director since June 2025.

From October 1996 to June 2023, he was a partner at PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所 (特殊普通合夥)). Since February 2024, he has been an independent director of CITIC Bank International (China) Co., Ltd.* (中信銀行國際(中國)有限公司).

Mr. Mou graduated from Shanghai Lixin Technical School of Accounting (上海立信會計專科學校) (now known as Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院)) in July 1983. Mr. Mou was qualified as a certified public accountant in the PRC in October 1988.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table provides information about members of the senior management, except those who are also Executive Directors of our Company:

<u>Name</u>	<u>Age</u>	<u>Positions</u>	<u>Date of joining our Group</u>	<u>Roles and duties</u>
Dr. GAO Wenbao (高文寶博士)	50	General Manager	November 2025	Responsible for overall operational management of our Group
Mr. WANG Song (王崧先生)	49	Deputy General Manager	October 2017	Responsible for market expansion and product innovation of our Group
Mr. XU Xing (徐興先生)	44	Chief Financial Officer	March 2021	Responsible for financial planning and management of our Group
Ms. REN Bing (任冰女士)	34	Secretary to our Board of Directors	July 2015	Responsible for the Board-related matters, overall information disclosure and investor relationship of our Group

Mr. GAO Wenbao, Ph.d. (高文寶博士), aged 50, has been our general manager since November 2025. From July 2003 to October 2025, Dr. Gao held various positions in the group of BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司), a leading supplier of semiconductor display technologies, products and services, listed on the Shenzhen Stock Exchange (SZSE: 000725 and 200725). He served as a director of BOE Technology Group Co., Ltd. (京東方科技集團股份有限公司) from June 2019 to October 2025, and a director of its listed subsidiary, BOE Varitronix Limited (SEHK: 0710), from September 2018 to October 2025.

Dr. Gao obtained a bachelor's degree in microelectronic technology in July 1998 and his Ph.d. in microelectronics and solid-state electronics in July 2003, both from Jilin University (吉林大學). Dr. Gao is a professor-level senior engineer. He also holds a China Patent Gold Award, jointly granted by the China National Intellectual Property Administration and the World Intellectual Property Organization in November 2012.

Mr. WANG Song (王崧先生), aged 49, was appointed as our deputy general manager in November 2025, prior to which he served as our general manager from June 2020. Mr. Wang has been the senior vice president of OmniVision Technologies (Shanghai) Co., Ltd. (豪威科技(上海)有限公司) since October 2017, prior to which he was a senior director in Knowles Electronics (Shanghai) Co., Ltd. (樓世电子(上海)有限公司) from October 2015 to October 2017 and a director of Nidec Compressor (Beijing) Co., Ltd. (尼得科壓縮機(北京)有限公司) from October 2013 to October 2015. Before that, he was with ON Semiconductors (Hong Kong) Limited (安森美半導體(香港)有限公司) from August 2000 to October 2013, with his last position there being the chief representative and director of its Beijing office. He has been an independent director at WeEn Semiconductors Co., Ltd. (瑞能半導體科技股份有限公司) since June 2019.

Mr. Wang obtained a double bachelor's degree in economics of technology and radio communications technology in July 1998 from Tianjin University (天津大學), and an EMBA degree in December 2016 from Xi'an Jiaotong University (西安交通大學).

Mr. XU Xing (徐興先生), aged 44, has been the chief financial officer of the Group since June 2025. From August 2006 to December 2011, Mr. Xu was an audit manager of KPMG Huazhen LLP

DIRECTORS AND SENIOR MANAGEMENT

(畢馬威華振會計師事務所(特殊普通合夥)). Mr. Xu was a partner of PricewaterhouseCoopers Zhong Tian LLP (普華永道中天會計師事務所(特殊普通合夥)) from January 2012 to February 2021. Mr. Xu holds various positions within our Group, including serving as the financial director, China, of our Company since March 2021, a director of OmniVision Technology Beijing since September 2022, a director of Shaoxing OmniVision Micro-display Technology Co., Ltd.* (紹興豪威微顯示技術股份有限公司) since December 2022, and a director of Zhejiang Xince Semiconductor Co., Ltd.* (浙江芯測半導體有限公司) since March 2024.

Mr. Xu obtained a bachelor's degree in financial management in June 2004 from Wuhan University (武漢大學), and a master's degree in accounting in June 2006 from Wuhan University (武漢大學). Mr. Xu is a non-practising member of the Chinese Institute of Certified Public Accountants.

Ms. REN Bing (任冰女士), aged 34, has been the secretary to our Board of Directors since September 2021, and director of securities investment department of our Company since August 2020. Ms. Ren also served as the securities affairs representative of our Company from July 2015 to September 2021.

Ms. Ren obtained a bachelor's degree in law in July 2013 from Southwest University of Political Science and Law (西南政法大學) and a master's degree in law in June 2015 from Soochow University (蘇州大學). She also holds a legal professional qualification certificate issued by the Ministry of Justice of PRC in August 2013, as well as a board secretary certificate issued by the Shanghai Stock Exchange in September 2016.

None of our Directors and members of senior management is related to other Directors or members of senior management. Save as disclosed in this section, (i) none of our Directors held any directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; and (ii) to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. REN Bing (任冰女士) has been appointed as our joint company secretary. See “—Senior Management” above for Ms. Ren's biography.

Ms. LAU Yee Wa (劉綺華) has been appointed as one of our joint company secretaries with effect from the Listing Date. Ms. Lau is a director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Lau has over 20 years of experience in the corporate secretarial field. She has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Lau currently serves as the company secretary/joint company secretary in several listed companies on the Stock Exchange, including Meituan (HKEx: 3690), Li Auto Inc. (HKEx: 2015), Zhihu Inc. (HKEx: 2390) and RoboSense Technology Co., Ltd. (HKEx: 2498). Ms. Lau is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Lau obtained her bachelor of business administrative management from the University of South Australia in April 2003.

DIRECTORS AND SENIOR MANAGEMENT

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

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

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his/her appointments.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

Mr. YU Renrong is a substantial shareholder and a non-executive director of HENGHUI Technology Corporation Limited (新恒匯電子股份有限公司)(“HENGHUI”), a company listed on the Shenzhen Stock Exchange (SZSE: 301678), engaged in providing packaging materials for smart card solutions, etched lead frame solutions and IoT eSIM chip packaging and testing. The testing equipment and setups of HENGHUI differ from ours due to different testing requirements. Mr. YU Renrong is also a non-executive director of Ingenic Semiconductor Co., Ltd. (北京君正集成電路股份有限公司)(“Ingenic”), a company listed on the Shenzhen Stock Exchange (SZSE: 300223) that provides computing ICs, memory ICs, and analog ICs that feature automotive lighting and control. Mr. LYU Dalong is a non-executive director of HENGHUI. Our business is distinct from that of HENGHUI, as HENGHUI and us operate in different segments of the semiconductor industry targeting different customer base. Our product offerings are distinct from those of Ingenic in terms of usage, technology and function, serving different scenarios. We therefore do not believe that HENGHUI or Ingenic competes in any material way with our Group.

Each of the Directors confirms that as of the Latest Practicable Date, save as disclosed in this prospectus, he or she did not have any interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

We have established four Board Committees in accordance with the relevant laws and regulations in Chinese Mainland, the Articles and the code of corporate governance practices under the Listing Rules, namely the Audit Committee, the Remuneration and Evaluation Committee, the Nomination Committee and the Strategy and Development Committee. The functions of the four committees are summarized as follows:

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the

DIRECTORS AND SENIOR MANAGEMENT

Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve related party and/or connected transactions and provide advice and comments to the Board. The Audit Committee consists of three members, namely Ms. FAN Mingxi, Mr. ZHU Liting and Mr. MOU Lei, with Mr. MOU Lei as the chairperson of the Audit Committee. Mr. MOU Lei is the director appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Remuneration and Evaluation Committee

We have established the Remuneration and Evaluation Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Evaluation Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Evaluation Committee comprises three members, namely Mr. ZHU Liting, Ms. FAN Mingxi and Mr. MOU Lei, with Mr. ZHU Liting as the chairperson of the Remuneration and Evaluation Committee.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with the Code on Corporate Governance in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises three members, namely Ms. FAN Mingxi, Ms. QIU Huanping and Mr. MOU Lei, with Ms. FAN Mingxi as the chairperson of the Nomination Committee.

Strategy and Development Committee

We have established a Strategy and Development Committee with written terms of reference. The primary duties of the Strategy and Development Committee are to make recommendations to our Board on the long-term development strategy and major investments decisions. We have decided to change the name of the Strategy and Development Committee to the Strategy and ESG Committee, effective upon the completion of the Listing, to incorporate the responsibilities of evaluating and determining the ESG-related risks and opportunities, and ensure an appropriate and effective ESG risk management system is in place. The Strategy and ESG Committee will make recommendations to our Board on sustainable development planning and ESG related matters, in particular, the aspects as stipulated in the Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules, including climate-related themes and topics. The Strategy and Development Committee comprises three members, namely Mr. YU Renrong, Mr. ZHU Liting and Ms. FAN Mingxi with Mr. YU Renrong as the chairperson of the Strategy and Development Committee.

Corporate Governance Code

We aim to implement a high standard of corporate governance, which we believe is crucial to safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 of the Listing Rules after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

Board diversity

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our Company's competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a director of our Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. In particular, our Company currently has three female Directors in the Board and will continue to work towards enhancing the gender diversity of the Board. Our Directors have a balanced mix of knowledge and skills, and we have five non-executive Directors, including three independent non-executive Directors, with different industry backgrounds. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for formal adoption.

Management presence

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our Company does not and, for the foreseeable future, will not have a sufficient management presence in Hong Kong. We have applied for, and the Stock Exchange has granted, a waiver from compliance with Rule 8.12 of the Listing Rules. For further details, see "Waivers and Exemptions - Waiver in respect of Management Presence in Hong Kong".

REMUNERATION

Our Directors and senior management receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation, pension schemes contribution and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the total remuneration (including share-based compensation) paid to our Directors amounted to RMB17.7 million, RMB3.9 million, RMB10.3 million and RMB5.3 million, respectively.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, the total remuneration (including share-based compensation) paid to the five highest paid individuals (excluding Directors) by us amounted to RMB25.5 million, RMB23.4 million, RMB32.8 million and RMB12.8 million, respectively.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, no payment was made by us to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office. None of the Directors waived their remuneration during the relevant period.

DIRECTORS AND SENIOR MANAGEMENT

The remuneration of our Director and senior management is determined with reference to factors including the responsibility, risk and commitment of our Directors and senior management, the completion rate of our corporate profit, the assessment result of our target responsibility system, the performance evaluation structure of each of our corporate departments and the salaries paid by comparable companies.

Save as disclosed above and in “Financial Information,” “Accountants’ Report” and “Statutory and General Information,” no other payments have been paid or are payable in respect of the Track Record Period to our Directors and senior management by our Group. Under the arrangements currently in force, we estimate the aggregate remuneration (including share-based compensation), excluding discretionary bonus, of our Directors for the year ending December 31, 2025 to be approximately RMB11.1 million.

See the Accountants’ Report in Appendix I for details on remuneration paid to our Directors and senior management and, on an aggregate basis, the five highest paid individuals of our Group during the Track Record Period, and paragraphs headed “Statutory and General Information — 4. Our Incentive Schemes” in Appendix VI for details regarding the incentive plans for our Directors and senior management.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company, among others, in the following circumstances:

- (a) before the publication of any regulatory announcement, circular, or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this document or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and
- (d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

SHARE CAPITAL

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of our Company was RMB1,209,674,412, comprising 1,209,674,412 A Shares with a nominal value of RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Approximate % of issued share capital
A Shares*	1,209,674,412	100.0%
Total	1,209,674,412	100.00%

Note:

* Including 3,921,163 A Shares repurchased by our Company pursuant to the repurchase mandates approved by the Shareholders, accounting for approximately 0.32% of the total number of A Shares in issue as of the Latest Practicable Date.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised and that there will be no change in the total issued share capital of the Company other than the Global Offering, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of enlarged issued share capital
A Shares*	1,209,674,412	96.35%
H Shares to be issued pursuant to the Global Offering	45,800,000	3.65%
Total	1,255,474,412	100.00%

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is fully exercised and that there will be no change in the total issued share capital of the Company other than the Global Offering, the share capital of our Company will be as follows.

Description of Shares	Number of Shares	Approximate % of enlarged issued share capital
A Shares*	1,209,674,412	95.83%
H Shares to be issued pursuant to the Global Offering	52,670,000	4.17%
Total	1,262,344,412	100.00%

Note:

* Including 3,921,163 A Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders, accounting for approximately 0.32% of the total number of A Shares in issue as of the Latest Practicable Date.

OUR SHARES

Our H Shares in issue upon completion of the Global Offering, and our A Shares, are ordinary Shares in our share capital and are considered one class of shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are

SHARE CAPITAL

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 Shanghai-Hong Kong Stock Connect.

Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be traded by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

RANKING

The differences between A Shares and H Shares, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of shareholders, the method of Share transfer, appointment of dividend receiving agents and other matters are set out in our Articles of Association and summarized in the section headed “Summary of the Articles of Association” in Appendix V to this document.

Except for the differences above, our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. The holders of our H Shares will receive share dividends in the form of H Shares, and the holders of our A Shares will receive share dividends in the form of A Shares.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR 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 Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

Approval from the holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders’ general meeting of our Company held on June 18, 2025 and is subject to the following conditions:

- (i) *Size of the offer.* The proposed number of H Shares to be offered shall not exceed 5% of the total issued share capital 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.

SHARE CAPITAL

- (ii) *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.
- (iii) *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 International Offering.
- (iv) *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, investor acceptance and the risks related to the offering, according to international practice, through the demand for orders and the book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation levels of comparable companies in domestic and overseas markets.
- (v) *Validity period.* The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the shareholders' meeting was held on June 18, 2025. If the Company obtains the approvals from the relevant regulatory authorities for the issuance and listing of H Shares within the 18 months validity period, the validity period will be automatically extended to the later of the completion date of the Global Offering or the exercise of the Over-allotment Option.

There is no other approved offering plans for our Shares except the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, see "Summary of the Articles of Association — Shareholders and Shareholders' General Meeting" in Appendix V to this document.

STOCK OPTION INCENTIVE PLANS

Certain employees of our Company and our subsidiaries are eligible to subscribe in interests of our Shares through the Stock Option Incentive Plans. For details, please refer to "Statutory and General Information — Our Incentive Schemes" in Appendix VI to this document.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

Immediately following 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 Listing, the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group:

Substantial shareholders of our Company

Shareholder	Nature of interest	Description of Shares	Number of Shares directly or indirectly held	Assuming that the Over-allotment Option is not exercised		Assuming that the Over-allotment Option is fully exercised	
				Approximate % of shareholding in our A Shares immediately after the Global Offering ⁽¹⁾	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering ⁽¹⁾	Approximate % of shareholding in our A Shares immediately after the Global Offering ⁽¹⁾	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering ⁽¹⁾
Mr. YU Renrong	Interest of person acting in concert ⁽²⁾	A Shares	972,000	0.08%	0.08%	0.08%	0.08%
	Interest in controlled corporation ⁽³⁾	A Shares	74,132,662	6.13%	5.90%	6.13%	5.87%
	Beneficial owner	A Shares	303,472,250	25.09%	24.17%	25.09%	24.04%
Shaoxing Weihao Management	Interest of person acting in concert ⁽²⁾	A Shares	303,472,250	25.09%	24.17%	25.09%	24.04%
	Beneficial owner ⁽⁴⁾	A Shares	74,132,662	6.13%	5.90%	6.13%	5.87%
Shanghai Qingen	Interest in controlled corporation ⁽⁵⁾	A Shares	74,132,662	6.13%	5.90%	6.13%	5.87%
Qingdao Qingen	Interest in controlled corporation ⁽⁶⁾	A Shares	74,132,662	6.13%	5.90%	6.13%	5.87%
Mr. YU Xiaorong	Interest of person acting in concert ⁽²⁾	A Shares	377,604,912	31.22%	30.08%	31.22%	29.91%
	Beneficial owner	A Shares	972,000	0.08%	0.08%	0.08%	0.08%
EIT Education Foundation	Beneficial owner ⁽⁷⁾	A Shares	71,200,100	5.89%	5.67%	5.89%	5.64%

Notes:

- (1) Excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds.
- (2) Mr. YU Renrong is the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. Mr. YU Renrong is the direct beneficial owner of 303,472,250 A Shares of our Company and indirectly holds 74,132,662 A Shares of our Company through Shaoxing Weihao Management. Shanghai Qingen, which holds 99.72% partnership interest in Shaoxing Weihao Management, is the general partner of Shaoxing Weihao Management. Qingdao Qingen, which holds 0.28% partnership interest in Shaoxing Weihao Management, is the limited partner of Shaoxing Weihao Management. Qingdao Qingen holds 1.25% partnership interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Mr. YU Renrong holds 98.75% partnership interest in Shanghai Qingen and is the limited partner of Shanghai Qingen. Mr. YU Renrong holds 91.67% equity interest in Qingdao Qingen. The remaining 8.33% equity interest in Qingdao Qingen is held by Ms. MA Hongmin (馬洪敏) (“Ms. Ma”) an Independent Third Party who does not act in concert with any of the Controlling Shareholders. In addition, Mr. YU Xiaorong, brother of Mr. YU Renrong, is the direct beneficial owner of 972,000 A Shares of our Company. According to the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》) promulgated by the CSRC, unless there is evidence to the contrary, any natural person holding more than 30% of the equity interest in a direct shareholder of an A-share listed company, and the siblings of such natural person, are collectively deemed to be (i) persons acting in concert with the direct shareholder; and (ii) interested in the shares in the A-share listed company owned by the direct shareholder. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Each of Mr. YU Renrong, Shaoxing Weihao Management and Mr. YU Xiaorong is deemed to be interested in all the A Shares in which each of them is interested. Mr. YU Renrong, Shaoxing Weihao Management, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong constitute our Controlling Shareholders, holding approximately 31.30% of the issued share capital of our Company immediately before the Global Offering. Each of Mr. YU Renrong, Shanghai Qingen, Qingdao Qingen and Mr. YU Xiaorong is also deemed to be interested in the Convertible Bonds held by Shaoxing Weihao Management as set out in Note (4) below.

SUBSTANTIAL SHAREHOLDERS

- (3) Shanghai Qingen, which holds 99.72% partnership interest in Shaoxing Weihao Management, is the general partner of Shaoxing Weihao Management. Qingdao Qingen, which holds 0.28% partnership interest in Shaoxing Weihao Management, is the limited partner of Shaoxing Weihao Management. Qingdao Qingen holds 1.25% partnership interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Mr. YU Renrong holds 98.75% partnership interest in Shanghai Qingen and is the limited partner of Shanghai Qingen. Mr. YU Renrong holds 91.67% equity interest in Qingdao Qingen. The remaining 8.33% equity interest in Qingdao Qingen is held by Ms. Ma. Accordingly, Mr. Yu Renrong is deemed to be interested in the 74,132,662 A Shares held by Shaoxing Weihao Management.
- (4) As of the Latest Practicable Date, Shaoxing Weihao Management held Convertible Bonds with an outstanding principal amount of RMB2,319,000, which were convertible to 14,328 A Shares upon full conversion of such Convertible Bonds, assuming a conversion price of RMB161.84 as of the Latest Practicable Date, and in the event of full conversion of all outstanding Convertible Bonds, Shaoxing Weihao Management shall hold an aggregate of 74,146,990 A Shares, representing approximately 6.13% of the total share capital of the Company on a fully converted basis as of the Latest Practicable Date, 5.91% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is not exercised), and 5.87% of the total number of Shares in issue immediately following the Global Offering (assuming the Over-allotment Option is exercised).
- (5) Shanghai Qingen holds 99.72% partnership interest in, and is the general partner of, Shaoxing Weihao Management. Accordingly, Shanghai Qingen is deemed to be interested in the 74,132,662 A Shares held by Shaoxing Weihao Management.
- (6) Qingdao Qingen holds 1.25% partnership interest in Shanghai Qingen and is the general partner of Shanghai Qingen. Shanghai Qingen holds 99.72% partnership interest in, and is the general partner of, Shaoxing Weihao Management. Qingdao Qingen holds 0.28% partnership interest in, and is the limited partner of Shaoxing Weihao Management. Accordingly, Qingdao Qingen is deemed to be interested in the 74,132,662 A Shares held by Shaoxing Weihao Management.
- (7) See “History - Our Shareholding and Corporate Structure - Shareholding and Corporate Structure immediately before the Global Offering” for more information.

For further information on any other person who will be, immediately following completion of the Global Offering, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, see section headed “Statutory and General Information — Further Information About Our Directors — Disclosure of Interests — interests of Substantial Shareholders in Members of Our Group (excluding our Company)” in Appendix VI to this document.

SHARE PLEDGES BY MR. YU RENRONG AND SHAOXING WEIHAO MANAGEMENT

Each of Mr. YU Renrong and Shaoxing Weihao Management has from time to time pledged the A Shares they owned to certain PRC financial institutions as collateral in order to obtain financing. The PRC financial institutions primarily include commercial banks, securities companies and trust companies. As of the Latest Practicable Date, each of Mr. YU Renrong and Shaoxing Weihao Management has pledged 171,790,000 Shares, representing approximately 14.20% of the total issued share capital of our Company, and 15,856,000 A Shares, representing approximately 1.31% of the total issued share capital of our Company, respectively. Mr. YU Renrong is the ultimate beneficial owner of the general partner of Shaoxing Weihao Management.

To the best knowledge of our Directors having made all reasonable enquiries, there has not been any adverse credit records against Mr. YU Renrong or Shaoxing Weihao Management in respect of any breach of repayment obligations under their indebtedness. Mr. YU Renrong (also on behalf of Shaoxing Weihao Management) has confirmed that, if any circumstances arise which results in a margin call or top-up mechanism being triggered under any of the share pledges, Mr. YU Renrong and Shaoxing Weihao Management shall take all necessary actions, such as provision of additional collateral/and repayment of the relevant indebtedness, to ensure no enforcement of the pledged A Shares will occur.

CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a “**Cornerstone Investment Agreement**”, and together the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (each a “**Cornerstone Investor**”, and together the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 H Shares) that may be purchased for an aggregate amount of approximately US\$279.4 million (or approximately HK\$2,173.6 million, calculated based on an exchange rate of US\$1.00 to HK\$7.7801 and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee) (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$104.80 per Offer Share, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 20,740,200. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

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
45.28%	1.65%	39.38%	1.64%

We believe that the Cornerstone Placing demonstrates our Cornerstone Investors’ confidence in our Company and its business prospect, and that the Cornerstone Placing will help to raise the profile of our Company. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group’s business network or through introduction by the Company’s business partners or the Overall Coordinators in the Global Offering.

The Cornerstone Placing will form part of the International Offering, and, unless otherwise obtained consent from the Stock Exchange, the Cornerstone Investors and their respective close associates will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering of the Company and will be counted towards the public float of our Company under Rule 19A.13A(2) of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in our Company; and none of the Cornerstone Investors and their close associates will become a substantial Shareholder of our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no other side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing.

Among the Cornerstone Investors, UBS Asset Management (Singapore) Ltd. (“**UBS AM Singapore**”), Formosa Opportunity Limited (“**FOL**”) and Dajia Life Insurance Co., Ltd. (“**Dajia Life**”) are existing minority Shareholders of the Company or their close associates. 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

CORNERSTONE INVESTORS

refer to the section headed “Waivers and Exemptions — Allocation of H Shares to Existing Minority Shareholders and/or Their Close Associates.” Save as otherwise disclosed in this section, to the best knowledge of our Company, each of the Cornerstone Investors is (i) not accustomed to take instructions from our Company or any of our Directors, supervisors, chief executive, our Controlling Shareholders, substantial Shareholders or existing Shareholders (other than UBA AM Singapore, FOL, and Dajia Life with respect to themselves, respectively) or any of their subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in their name or otherwise held by them; (ii) not financed by our Company or any of our Directors, supervisors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders, existing Shareholders (other than UBA AM Singapore, FOL, and Dajia Life with respect to themselves, respectively) or any of their subsidiaries or their respective close associates; and (iii) independent of the other Cornerstone Investors, our Group, our connected persons and their respective associates, and is not an existing Shareholder (other than UBA AM Singapore, FOL, and Dajia Life with respect to themselves, respectively) or a close associate of our Group. In addition, to the best knowledge of our Company, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

To the best knowledge of 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 associates will place orders in the International Offering and the allocation to such investors as placees in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by its own internal financial resources, financial resources of its shareholders or the assets managed for its investors (in the case of Cornerstone Investors which are funds or investment managers) and it has sufficient funds to settle its respective investment under the Cornerstone Placing. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing.

The Cornerstone Investors have agreed to pay in full for the relevant Offer Shares that they have subscribed before dealings in the Company’s H Shares commence on the Stock Exchange. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed “Structure of the Global Offering — The Hong Kong Public Offering — Reallocation” in this prospectus, our Company and the Overall Coordinators have the absolute discretion, but not obliged, to deduct the number of Offer Shares to be subscribed by each Cornerstone Investor on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Practice Note 18 to the Listing Rules as well as the discretion of the Joint Global Coordinators and the Overall

CORNERSTONE INVESTORS

Coordinators (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option. Further, each of the Cornerstone Investors has agreed that in the event (1) that the requirements under Rule 8.08(3) of the Listing Rules, which stipulates that no more than 50% of the Shares in public hands can be beneficially owned by the three largest public shareholders of the Company, or (2) that the minimum allocation to investors in the placing tranche (other than Cornerstone Investors) under paragraph 3.2 of Practice Note 18 to the Listing Rules, may not be complied with on the Listing Date, the number of the H Shares to be subscribed for by the Cornerstone Investors may be adjusted to ensure compliance with such rules.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around Friday, January 9, 2026. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors under the Cornerstone Placing. Where delayed delivery takes place, such Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing. If there is no over-allocation in the International Offering, delayed delivery will not take place. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

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Set out below in the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing based on the Offer Price:

Cornerstone Investor	Subscription Amount ⁽¹⁾ (USD in million)	No. of Offer Shares ⁽²⁾	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 immediately upon the Global Offering ⁽³⁾	Approximate % of the Offer Shares	Approximate % of the total issued share capital immediately upon the Global Offering ⁽³⁾
Wildlife Willow Limited	70.00	5,196,600	11.35%	0.41%	9.87%	0.41%
UBS AM Singapore	40.00	2,969,500	6.48%	0.24%	5.64%	0.24%
FOL	33.68	2,500,000	5.46%	0.20%	4.75%	0.20%
Huaqin Telecom Hong Kong Limited ("Huaqin Telecom")	30.00	2,227,100	4.86%	0.18%	4.23%	0.18%
SKY ROYAL TRADING LIMITED ("Sky Royal") . . .	25.71 ⁽⁴⁾	1,908,300	4.17%	0.15%	3.62%	0.15%
Pudong Science and Technology (Cayman) Co., Ltd. ("PST")	25.00	1,855,900	4.05%	0.15%	3.52%	0.15%
JSC International Investment Fund SPC	20.00	1,484,700	3.24%	0.12%	2.82%	0.12%
Ghisallo Fund Master Ltd ("Ghisallo")	15.00	1,113,500	2.43%	0.09%	2.11%	0.09%
Dajia Life	10.00	742,300	1.62%	0.06%	1.41%	0.06%
PSBC Wealth Management Co., Ltd. ("PSBC Wealth")	10.00	742,300	1.62%	0.06%	1.41%	0.06%
Total	279.38	20,740,200	45.28%	1.65%	39.38%	1.64%

Notes:

- (1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed 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. For the purpose of calculation of the percentage, includes 3,921,163 A Shares being held as treasury Shares.
- (4) Calculated based on an exchange rate of US\$1.00: HK\$7.7801. The actual investment amount is HK\$200.0 million.

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The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Wildlife Willow Limited

Wildlife Willow Limited is a company incorporated under the laws of the British Virgin Islands and a controlled subsidiary of Boyu Capital Offshore Fund. Boyu Capital Offshore Fund is an exempted company incorporated under the laws of the Cayman Island and an investment fund managed by Boyu Capital Management (Singapore) Pte. Ltd. (“**Boyu**”). Boyu holds a capital markets services license and is regulated by the Monetary Authority of Singapore. Boyu provides catalytic capital and strategic support for leading companies in sectors including technology, healthcare, consumer and sustainable energy. Boyu is 100% indirectly owned by Boyu Group, LLC, which is in turn ultimately controlled by Mr. Xiaomeng Tong, an Independent Third Party. There is no other single investor holding 30% or more interest in Wildlife Willow Limited.

UBS Asset Management (Singapore) Ltd.

UBS AM Singapore, a company incorporated in Singapore in December 1993, has entered into a cornerstone investment agreement with the Company and the Joint Sponsors, in its capacity as the investment manager for and on behalf of the underlying clients of the following funds: (i) UBS (Lux) Equity Fund—Greater China (USD); (ii) UBS (Lux) Equity Fund—China Opportunity (USD); (iii) UBS (HK) Fund Series—China Opportunity Equity (USD); (iv) UBS (Lux) Equity SICAV—All China (USD); (v) UBS (Lux) Investment SICAV – China A Opportunity (USD); (vi) UBS (CAY) China A Opportunity; and (vii) certain other segregated accounts and mandates. UBS AM Singapore is a wholly owned subsidiary of UBS Asset Management AG, an investment management company, which is wholly ultimately owned by UBS Group AG, which is a company organized under Swiss law as a corporation that has issued shares of common stock to investors. UBS Group AG’s shares are listed on the SIX Swiss Exchange (stock code: UBSG) and the New York Stock Exchange (stock code: UBS). No single ultimate beneficial owner holds 30% or more interests in those funds.

UBS AM Singapore, UBS Securities and UBS HK are members of the same group of companies. As a result, UBS AM Singapore is a connected client of UBS Securities and UBS HK. Please refer to “Waivers and Exemptions - Consent in respect of the Proposed Subscription of H Shares by a Cornerstone Investor who is a Connected Client” for further details.

Formosa Opportunity Limited

FOL was incorporated as an exempted company in the Cayman Islands with limited liability in 1999 and has been registered as a mutual fund pursuant to the Mutual Funds Act (As Revised) of the Cayman Islands since then. In 2022, FOL has notified its funds to Monetary Authority of Singapore as restricted schemes. There is no single ultimate beneficial owner holding 30% or more of the interests in FOL, which has appointed UG Investment Advisers Ltd. (“**UG**”), a regulated investment advisory company incorporated in the Cayman Islands in July 1998, to act as its investment adviser pursuant to an investment management agreement in 1999. UG has also been registered as a non-U.S. investment adviser under the United States Investment Advisers Act of 1940 since 2013. UG is ultimately owned and controlled by Mr. Ming C. Wang. There is no other single ultimate beneficial owner holding 30% or more of the interests in UG. However, UG only serves as FOL’s non-discretionary investment adviser pursuant to the current service agreement.

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Huaqin Telecom Hong Kong Limited

Huaqin Telecom, registered and established in Hong Kong, China in June 2006, is a wholly-owned subsidiary of Huaqin Technology Co., Ltd. (“**Huaqin Technology**”, stock code: 603296.SH), serving as the overseas holding platform of Huaqin Technology in Hong Kong. Huaqin Technology is a globally leading intelligent product company with over 20 years of experience in the intelligent product sector. Huaqin Technology was listed on the main board of the Shanghai Stock Exchange in August 2023.

Sky Royal Trading Limited

Sky Royal was incorporated in Hong Kong, China in November 2014. Its principal businesses are trading, services, and investment. Sky Royal is a wholly owned subsidiary of 廣東歐加控股有限公司 (“**Guangdong OPlus**”) and is ultimately controlled by Mr. Chen Ming Yong, an Independent Third Party. Guangdong OPlus, founded in 2004, is a technology company with significant influence in the consumer electronics field, and owns well-known Chinese mobile phone brands such as OPPO, with product sales covering markets worldwide. There is no other single investor holding 30% or more interest in Sky Royal.

Pudong Science and Technology (Cayman) Co., Ltd.

PST is an exempted company incorporated in the Cayman Islands. PST is principally engaged in overseas investments and is an Independent Third Party. PST is principally owned by the State-owned Assets Supervision and Administration Commission of Pudong New Area. There is no other single investor holding 30% or more interest in PST.

JSC International Investment Fund SPC

JSC International Investment Fund SPC (acting for and on behalf of Yongxin I SP) is indirectly held by JSC Yongxin I (Beijing) Equity Investment Fund (“**JSC Yongxin I**”) (璟泉甬欣鎮芯一期 (北京) 股權投資基金合夥企業 (有限合夥)), a limited partnership established in the PRC. It is owned as to: (i) 66.25% by Ningbo Yongxin Fund Partnership (Limited Partnership) (寧波市甬欣基金合夥企業 (有限合夥)) as limited partner, which is ultimately held mainly by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal People’s Government; (ii) 33.125% by Ningbo Zhenhai Weiyuan Zhenxin Phase I Semiconductor Industry Investment Partnership (Limited Partnership) (寧波市鎮海威遠鎮芯一期半導體產業投資合夥企業 (有限合夥)) as a limited partner, which is ultimately controlled mainly by the State-owned Assets Management Service Center of Zhenhai District, Ningbo City; and (iii) Jingquan Shancheng Management Consulting (Beijing) Co., Ltd. (璟泉善誠管理諮詢 (北京) 有限公司) (wholly owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People’s Government) as a general partner.

Ghisallo Fund Master Ltd

Ghisallo is wholly owned by Ghisallo Master Fund LP (“**Ghisallo Master**”) which is a pooled investment fund domiciled in the Cayman Islands with notional assets under management of approximately US\$5.9 billion as of September 30, 2025. The general partner of Ghisallo Master is Ghisallo Master Fund General Partner LP (“**Ghisallo Master GP**”), holding less than 1% of the partnership interest of Ghisallo Master. The general partner of Ghisallo Master GP is Ghisallo MGP LLC (“**MGP**”), who holds more than 30% of the partnership interests in Ghisallo Master GP.

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Ghisallo's discretionary investment manager is Ghisallo Capital Management (HK) Limited, a licensed corporation in Hong Kong by the SFC as a Type 9 Asset Manager. Ghisallo Master's discretionary investment manager is Ghisallo Capital Management LLC, a US registered investment advisor, which is also a discretionary investment manager of Ghisallo.

Except Michael Germino, who is an Independent Third Party of the Company, no parties own 30% or more of interests in Ghisallo Master GP, MGP, Ghisallo Capital Management (HK) Limited and Ghisallo Capital Management LLC ("**Ghisallo GP entities**").

Ghisallo is wholly owned by Ghisallo Master. No ultimate beneficial owners own 30% or more of partnership interest in Ghisallo Master. Michael Germino controls Ghisallo and Ghisallo Master due to his ultimate control over the Ghisallo GP entities.

Dajia Life Insurance Co., Ltd.

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. There is no other single investor holding 30% or more interest in Dajia Life through China Insurance Company.

PSBC Wealth Management Co., Ltd.

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 Main Board of 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.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

- (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 the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

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- (b) the Offer Price having been agreed upon between our Company and the Overall Coordinators (for themselves and on behalf of the underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (d) 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
- (e) the respective acknowledgements, representations, warranties, undertakings and confirmations of relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the “**Lock-up Period**”), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

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The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in “Appendix I — Accountants’ Report,” together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRS.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed in “Risk Factors” and “Forward-Looking Statements” and elsewhere in this document.

OVERVIEW

We are a global fabless semiconductor design company distinguished by our proprietary technologies, diversified products and solution portfolio, flexible fabless business model, extensive customer network and supply chain ecosystems. We have captured significant market opportunities. We are the third largest digital image sensor provider globally based on revenue in 2024, with a market share of 13.7%, according to Frost & Sullivan. Our revenue increased by 4.7% from RMB20.0 billion in 2022 to RMB21.0 billion in 2023, and increased by 22.5% to RMB25.7 billion in 2024. Our revenue increased by 15.3% from RMB12.1 billion for the six months ended June 30, 2024 to RMB13.9 billion for the six months ended June 30, 2025.

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of our historical financial information are in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual IFRS, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in Note 2 of the Accountants’ Report in Appendix I to this document. Our historical financial information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules. The accounting policies set out in Note 2 of the Accountants’ Report in Appendix I to this document have been applied consistently to Track Record Period presented in our historical financial information.

The preparation of historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Group’s accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 of the Accountants’ Report in Appendix I to this document.

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MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition and results of operations are affected by general factors driving the global economy and the semiconductor industry cycles. These factors include levels of per capita disposable income, levels of consumer spending, the pace at which the society-wide digital transformation takes place, the rate of internet and mobile penetration, the growing adoption of smart vehicles with ADAS features, the proliferation of human/device interactions, the emergence of new technologies such as IoT, 5G, cloud and AI, and other economic trends and conditions that affect consumption and business activities in general. We are also affected by government policies and regulations that address the material aspects of our operations, especially the various initiatives aimed at promoting digitalization, manufacturing and the development of the semiconductor industry.

As further elaborated below, our results of operations are more directly affected by the following factors:

- Market trends within the semiconductor industry and our ability to capture growth opportunities;
- Our ability to generate more revenue by deepening our engagement with existing customers and attracting new customers;
- Our ability to continue to innovate and enrich our product and solution offerings;
- Our ability to maintain a stable supply chain;
- Our ability to continually enhance our technology capabilities; and
- Our ability to effectively control costs and expenses and enhance operating efficiency.

Market trends within the semiconductor industry and our ability to capture growth opportunities

The global semiconductor market experienced significant growth in the past decade. According to Frost & Sullivan, the market size of the global semiconductor industry increased from US\$433.2 billion in 2020 to US\$630.5 billion in 2024, representing a CAGR of 9.8%, and is expected to further increase at a CAGR of 11.0% from 2025 to reach US\$1,065.5 billion in 2029. We have captured the various market opportunities brought by this development trend. In particular, we have capitalized on the rapid growth of the global and Asia's digital economy and the verticals where our customers operate, represented by the automobile, smartphone, medical, surveillance, and emerging markets. As we continue to leverage our technologies into emerging high growth verticals such as ADAS and smart glasses, we expect that the consumer demand in these markets will also have a material effect on our results of operations.

The semiconductor industry is also influenced by cyclical dynamics and the impact of the macroeconomic conditions. Our performance depends on the continued growth of the various verticals into which we sell our semiconductor solutions, including the verticals for smartphone, automobile, medical, and emerging markets. For example, the global automotive CIS market grew from US\$1,377 million in 2020 to US\$2,499 million in 2024, representing a CAGR of 16.1%, and is expected to reach US\$7,028 million in 2029, representing a CAGR of 18.4% from 2025. As a result, our revenue generated from the automotive vertical in 2024 increased as well, which was one of the key factors contributing to our overall revenue increase compared to 2023. See also "Risk Factors—

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Risks Relating to Our Business and Industry—We depend on the increased acceptance of semiconductor applications in various verticals to grow our business and increase our revenue.”

Our ability to continue to empower customers and achieve sustainable growth is affected by our ability to timely adapt to the rapidly evolving industry trends and customer and end-user preferences in various verticals including smartphone, automobile, medical, surveillance and emerging markets. Overall consumer demand in and the growth of the verticals we serve, which can be volatile and unpredictable, will continue to influence the growth and demand for our products and solutions and impact our financial performance.

Our ability to generate more revenue by deepening our engagement with existing customers and attracting new customers

Our revenue increased by 4.7% from RMB20.0 billion in 2022 to RMB21.0 billion in 2023, and increased by 22.5% to RMB25.7 billion in 2024. Our revenue increased by 15.3% from RMB12.1 billion for the six months ended June 30, 2024 to RMB13.9 billion for the six months ended June 30, 2025. Our performance was in part driven by our ability to expand and extend our relationship with existing customers and attract new customers.

We are focused on strengthening the engagement with our existing customer base. Our future growth depends on our ability to maintain and deepen relationships with our existing customers, hence increasing the use of our products and solutions in their end products. In addition, our long-term growth and operating results will depend in part on our ability to attract more customers across different verticals. Many of our customers apply our semiconductor products and solutions across their operations to ensure consistent, high-quality output and optimal experience for their end users. Our customers also typically expand their procurement from us to a wider range of solutions offered by our multiple business lines as they seek to leverage the efficiency and synergies across our diversified portfolio.

We expect to continue to increase our investment in customer outreach, sales and marketing efforts to enhance brand awareness and acquire new customers from various verticals. We believe that our efforts to retain existing customers and attract new ones will have a positive long-term impact on our business and results of operations.

Our ability to continue to innovate and enrich our product and solution offerings

We offer a wide spectrum of advanced, application-specific advanced digital imaging, display, and analog products and solutions that enable smarter human/device interfacing solutions within the automobile, smartphone, medical, surveillance, and emerging markets. Our continued growth depends, in part, on our ability to improve and broaden the variety and application of our semiconductor products and solutions, which will enable us to further secure design wins, increase market share, expand cross-selling opportunities, and reach customers in a broader range of verticals and use cases.

We strive to work closely with current and prospective customers to anticipate their requirements and product roadmaps. This better enables us to develop innovative semiconductor solutions designed for their needs and achieve design wins, which are decisions by manufacturers and their end-customers to incorporate our solutions into their systems. Although design wins are not binding commitments by customers to purchase our products and solutions, we believe that achieving

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design wins is an important performance indicator. Our customers typically devote substantial time and resources to designing their products as well as qualifying their component suppliers and their products. Once our products have been designed into a system, the customers are typically reluctant to alter their designs due to the significant costs and time associated with qualifying a new supplier or a replacement component, and we endeavor to maintain our incumbent position with our customers by continually improving our products and solutions to meet their evolving needs. Our long-term sales expectations are based on forecasts from customers and internal estimates of demand factoring in the expected time-to-market of the final products incorporating our solutions and their respective sales potential.

As we offer a diversified portfolio of high-quality semiconductor solutions for a wide range of consumer and industrial applications, our gross profit margin varies across business lines, and may also differ between the product types we offer within each business line, due to a variety of factors such as technological advancement, pricing power, demand in the verticals, product tiering strategy, stages in the product life cycle, and availability of competing products. Changes to our product mix, whether in response to our business strategies, the global and domestic market conditions, government policies or other factors, may affect our results of operations over time. We intend to continually monitor and adjust our product mix across business lines to maximize our revenue and profitability.

Our ability to maintain a stable supply chain

Due to the competitive nature of the semiconductor industry and our suppliers' need to maintain high capacity utilization in order to reduce unit costs, our ability to secure high-quality capacity from our foundry partners and back-end service providers and to execute effective supply chain management is critical to our success. We endeavor to ensure delivery of our products on a timely basis to meet the quality standards and technical specifications our customers require. Despite our efforts to manage our supply chain, including by maintaining close relationships with our foundry partners and back-end service providers and seeking new supply chain partners to ensure stability of our suppliers' capacity with advanced technology, we are subject to fluctuations in the market and disruptions to our supply chain, which could adversely affect our business, especially our semiconductor design and sales business and results of operations.

Our ability to continually enhance our technology capabilities

Our business growth depends in part on our ability to invest in technology to effectively meet the demands of our anticipated growth. We have made, and will continue to make, significant investments in developing our underlying technology capabilities to expand the capabilities and scale of our product and solution offerings. Building on our renowned pixel architectures, we have developed an extensive array of industry-leading, award-winning technologies, with a focus on pixel miniaturization, advanced image capturing, CameraCubeChip®, LCOS, TDDI, and analog solutions such as PMICs, which create barriers for competitors and empower our innovation in a variety of high-growth markets.

In 2022, 2023, 2024 and in the six months ended June 30, 2025, our research and development investments included research and development expenses which amounted to RMB2.5 billion, RMB2.2 billion, RMB2.7 billion and RMB1.4 billion, respectively and capitalized development expenditure which amounted to RMB683.8 million, RMB692.5 million, RMB623.2 million and RMB359.7 million, respectively. We believe the further enhancement of our technologies is central to

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our future development. We will continue to invest in our research and development activities, including talent recruitment, and to deepen cooperation with global foundries and packaging and testing service providers to ensure we remain at the forefront of advanced digital imaging, display and analog fields. As a result, we expect the investments and expenses associated with our technology capabilities to continue to grow to support our business growth. We believe the investments in technology will drive overall long-term growth.

Our ability to effectively control costs and expenses and enhance operating efficiency

Our ability to control our costs and expenses and enhance our operating efficiency is critical to the success of our business. We believe the continued growth of our business and expansion of our market share will continue to drive economies of scale, resulting from higher utilization of our technology, higher efficiency of our operations, and expanded customer base.

We utilize a fabless business model, which we believe provides us with a scalable business model and enables us to concentrate on our core competencies of research and development, technological advances, and product design and engineering, and reduces our capital investment.

Changes in the price of wafers and other raw materials or in the costs of packaging and testing services may result in fluctuations in production costs and our gross profit margin. As we continue to develop new solutions with innovative designs and advanced technologies, we may require our suppliers to manufacture wafers with higher complexity, which may result in an increase in wafer prices. However, through such close collaboration with our wafer suppliers with advanced technology, we are able to lower costs while maintaining higher average selling prices of products which are hence associated with a higher gross profit margin.

As our business grows in scale, we expect to have significant operating leverage and realize structural cost savings. We believe the continued growth of our business and expansion of our market share can benefit us through economies of scale, resulting from higher utilization of our solutions and technologies, and stronger bargaining power with our customers. In addition, we believe our products and solutions have network effects that can promote our brand effectively and enhance our marketing efficiency. More successful incorporation of our solutions into our customers' products increases the acceptance among existing and prospective customers and their end users, which in turn increases the customer base and potential success of our products and solutions, forming a synergistic virtuous cycle. This self-reinforcing network effect of our products and solutions and its associated operating leverage allow us to promote our brand and compete effectively by enjoying lower customer acquisition costs and growing product lifetime value.

We intend to continue enhancing our operating efficiency by (i) increasing the utilization of our existing technology, our platform-based technologies and intellectual property, (ii) applying new technology and innovative measures to enhance our product mix by further penetrating into verticals with higher profit margin such as vehicles and medical, and to drive optimization in our operational processes, leveraging our industry insights, and (iii) refining our products and solutions provided to customers with similar needs based on a uniform standard, thereby promoting consistency across our portfolio with an aim to acquire customers in a more cost-effective manner.

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MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Revenue Recognition

Revenue is recognized to depict the transfer of goods to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods. Specifically, we use a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or services to a customer (“**transaction price**”).

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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 us and the customer at contract inception. When the contract contains a financing component which provides us 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.

Revenue is recognized either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to our customers.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. In contrast, a receivable represents our unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which we have received consideration (or an amount of consideration is due) from the customer.

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Further details of our revenue recognition policies are as follows:

Sales of goods

We design, develop and sell a range of ICs, comprising CIS, display ICs, analog ICs and other ICs. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or we have objective evidence that all criteria for acceptance have been satisfied.

Some of the contracts between us and our customers include arrangements for sales rebates and sales discounts, and some contracts provide customers with a right to return within a specified period, resulting in variable consideration. Accumulated experience is used to estimate and provide for variable consideration, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected sales rebate payable to customers in relation to sales made until the end of the Track Record Period.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Provision of services

We provide IC design or development service to external parties. For those contracts that we do not have an enforceable right to payment for performance completed to date, the contract is recognized at a point in time when the services are provided and accepted by the customers.

Financing components

In determining the transaction price, we adjust the promised amount of consideration for the effect of a financing component if it is significant.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value, and we use judgment and estimate to determine the net realizable value of inventory at the end of each year during the Track Record Period. Due to the rapid technological changes, we estimate the net realizable value of inventory for obsolescence and unmarketable items at the end of each year during the Track Record Period and then write down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, and therefore it may cause material adjustments.

Impairment of Goodwill

We test goodwill for impairment on an annual basis. For the Track Record Period, the recoverable amount of cash-generating units (“CGUs”) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

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Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 21 of the Accountants' Report in Appendix I to this document. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in Note 21 of the Accountants' Report in Appendix I to this document.

Impairment of Other Non-financial Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each year during the Track Record Period.

Impairment of Financial Assets

We recognize a loss allowance for expected credit loss ("**ECL**") on financial assets which are subject to impairment under IFRS 9 "Financial Instruments". The amount of ECL is updated at the end of each year during the Track Record Period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions.

We have elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognizes lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

For other financial instrument, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then we recognize lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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For details, please refer to Note 2.12 of the Accountants' Report in Appendix I to this document.

Valuation of certain Financial Assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. We use our judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each year during the Track Record Period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3 of the Accountants' Report in Appendix I to this document.

Valuation of Share-based Payments

Share-based compensation benefits are provided to employees via our share-based incentive plan including share options and restricted shares. Information relating to these schemes is set out in Note 45 of the Accountants' Report in Appendix I to this document.

Share options

The fair value of the options granted under our share-based incentive plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by making reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each year during the Track Record Period, we revise our estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Restricted shares

The fair value of restricted shares granted to employees is recognized as an expense over the relevant service period. The fair value is measured at the difference between share price at grant date and the grant price and is recognized in equity in capital reserves. The number of shares expected to vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each year during the Track Record Period and adjustments are recognized in profit or loss and capital reserves.

Where shares are forfeited due to a failure by the employee to satisfy the service or performance conditions, any expenses previously recognized in relation to such shares are reversed with effect from the date of the forfeiture. We have obligation to repurchase the restricted shares at the grant price if the restricted shares are forfeited.

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Accounting for Income Taxes

We are subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from us in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the tax determination is made.

A deferred tax asset is recognized for the carryforward of unused deductible tax losses to the extent that it is probable that future taxable profits will be available against which the deductible tax losses can be utilized. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. We need to apply estimates and judgment in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment would be made to the carrying amount of deferred tax assets.

New and Amended Standards

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our historical financial information, we have consistently adopted all applicable new and revised IFRSs that are effective during the Track Record Periods, except for any new standards or interpretations that are not yet effective for the Track Record Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 2.1(ii) of the Accountants' Report in Appendix I to this document.

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

The following table sets forth our consolidated statements of comprehensive income with line items in amounts and as percentages of our revenue for the periods indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report set out in Appendix I to this document. The results of operations in any period are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Revenue	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0
Cost of sales	(15,299.0)	(76.3)	(16,800.8)	(80.1)	(18,467.6)	(71.8)	(8,685.8)	(71.8)	(9,818.1)	(70.4)
Gross profit	4,741.2	23.7	4,183.5	19.9	7,239.2	28.2	3,407.8	28.2	4,126.0	29.6
Selling and marketing expenses	(516.2)	(2.6)	(467.3)	(2.2)	(556.7)	(2.2)	(264.1)	(2.2)	(269.3)	(1.9)
General and administrative expenses	(799.3)	(4.0)	(662.6)	(3.2)	(1,070.9)	(4.2)	(368.4)	(3.0)	(383.5)	(2.8)
Research and development expenses	(2,518.5)	(12.6)	(2,239.4)	(10.7)	(2,685.8)	(10.5)	(1,265.8)	(10.5)	(1,367.7)	(9.8)
Net impairment losses on financial assets	35.4	0.2	(90.9)	(0.4)	(11.4)	—	(15.0)	(0.1)	(34.4)	(0.2)
Other income	118.7	0.6	95.9	0.5	96.9	0.4	32.2	0.3	58.8	0.4

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	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Other gains/(losses), net	745.3	3.7	349.3	1.7	291.2	1.1	(3.8)	—	21.5	0.1
Finance costs, net	(466.6)	(2.3)	(438.1)	(2.1)	3.6	—	(28.9)	(0.3)	44.7	0.3
Share of post-tax (losses)/gains of equity accounted associates	(46.3)	(0.2)	(38.8)	(0.2)	(33.3)	(0.1)	8.6	0.1	(4.0)	—
Profit before income tax	1,293.7	6.5	691.6	3.3	3,272.8	12.7	1,502.6	12.5	2,192.1	15.7
Income tax (expense)/benefit	(342.7)	(1.7)	(147.6)	(0.7)	5.8	—	(141.7)	(1.2)	(171.7)	(1.2)
Profit for the year/period	951.0	4.8	544.0	2.6	3,278.6	12.7	1,360.9	11.3	2,020.4	14.5
Profit is attributable to:										
Owners of the Company	982.7	4.9	555.8	2.7	3,317.5	12.9	1,367.0	11.3	2,027.9	14.5
Non-controlling interests	(31.7)	(0.1)	(11.8)	(0.1)	(38.9)	(0.2)	(6.1)	—	(7.5)	—

Revenue

We derive 81.9%, 85.5%, 84.2%, 86.1% and 83.0% of our revenue from our semiconductor design and sales business in 2022, 2023, 2024 and in the six months ended June 30, 2024 and 2025 respectively, delivering advanced digital imaging solutions, display solutions, and analog solutions for a wide variety of consumer and industrial applications, including in the automotive, smartphone, medical, surveillance, and emerging markets. 17.8%, 14.2%, 15.3%, 13.5% and 16.6% of our revenue is attributable to our semiconductor distribution business in 2022, 2023, 2024 and in the six months ended June 30, 2024 and 2025, respectively, where we procure semiconductor products from world-class semiconductor suppliers and leading players in both domestic and international markets to serve the evolving needs of our diverse customer base.

The following table sets forth a breakdown of our revenue among semiconductor design and sales business, semiconductor distribution business and others during the Track Record Period, both in amounts and as percentages of total revenue, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Advanced digital imaging solutions	13,674.5	68.3	15,535.5	74.0	19,190.2	74.7	9,311.8	77.0	10,345.7	74.2
Display solutions	1,470.5	7.3	1,250.4	6.0	1,028.2	4.0	471.7	3.9	459.4	3.3
Analog solutions	1,262.4	6.3	1,154.4	5.5	1,422.0	5.5	634.5	5.2	766.9	5.5
Semiconductor design and sales business	16,407.4	81.9	17,940.3	85.5	21,640.4	84.2	10,418.0	86.1	11,572.0	83.0
Semiconductor distribution business	3,564.8	17.8	2,970.1	14.2	3,938.9	15.3	1,632.8	13.5	2,314.1	16.6
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.5	42.8	0.4	58.0	0.4
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fees in nature.

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Our revenue slightly increased from 2022 to 2023, primarily due to the increase in revenue from semiconductor design and sales business driven by increased sales in advanced digital imaging solutions, which was partially offset by the decrease of revenue from semiconductor distribution business due to market conditions. Our marked increase in revenue from 2023 to 2024 was mainly attributable to the significant growth of our semiconductor design and sales business, mainly driven by the sales in smartphone vertical, automotive vertical and medical and emerging markets. Recovery of consumer electronics demand and the development of automotive intelligence also contributed to the growth of our semiconductor distribution business from 2023 to 2024, which in turn added to our overall revenue increase. Our increase in revenue between the six months ended June 30, 2024 and 2025 was driven by the concurrent growth of our semiconductor design and sales business and semiconductor distribution business, particularly attributable to a marked expansion of sales and a higher average selling price of our advanced digital imaging solutions provided for automotive vertical and emerging markets.

In 2022, 2023, 2024 and in the six months ended June 30, 2024 and 2025, revenue from sales of our CIS products accounted for 91.3%, 94.8%, 94.4%, 94.1% and 94.3% of our revenue from advanced digital imaging solutions, respectively.

The following table sets forth a breakdown of our revenue from advanced digital imaging solutions by industry vertical for the periods indicated, both in amounts and as percentages of total revenue from advanced digital imaging solutions:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(Unaudited)										
(in millions, except for percentages)										
Revenue from advanced digital imaging solutions										
Smartphones	5,397.3	39.5	7,779.4	50.1	9,802.5	51.1	4,868.3	52.3	3,920.0	37.9
Automobiles	3,633.5	26.6	4,547.3	29.3	5,904.6	30.8	2,914.0	31.3	3,789.2	36.6
Healthcare	776.7	5.7	419.4	2.7	668.4	3.5	263.8	2.8	443.5	4.3
Surveillance	2,370.7	17.3	1,722.3	11.1	1,603.1	8.3	708.5	7.6	827.3	8.0
Emerging Markets/IoT . . .	823.7	6.0	533.5	3.4	759.5	4.0	335.8	3.6	1,173.4	11.3
Others ⁽¹⁾	672.6	4.9	533.6	3.4	452.1	2.3	221.4	2.4	192.3	1.9
Total	13,674.5	100.0	15,535.5	100.0	19,190.2	100.0	9,311.8	100.0	10,345.7	100.0

Note:
Mainly for notebooks

The continued growth of our revenue in the smartphone vertical from 2022 to 2024 was primarily attributable to (i) the recovery of consumer electronics demand in the second half of 2023 from the downturn in the semiconductor industry in 2022, (ii) our proactive efforts to reduce inventories, and (iii) the successful launches of new smartphone models during this period. Our revenue in the smartphone vertical experience a decrease from the six months ended June 30, 2024 to the six months ended June 30, 2025, mainly due to (i) inventory digestion by our customers, (ii) fluctuations in market demand, (iii) our marketing promotion efforts in the emerging markets.

Our revenue in the automotive vertical has been increasing from 2022 to 2024 and increased for the six months ended June 30, 2025 as compared to the same period in 2024, primarily driven by the accelerated mass production and enhanced market penetration of our solutions for vehicles. The

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accelerated penetration of ADAS in the automotive market increased the number of cameras installed per vehicle, which in turn drove higher sales volumes, higher average selling prices, and rapid revenue growth for our solutions for vehicles.

Our revenue in the surveillance vertical has declined from 2022 to 2024, primarily due to weak market recovery of consumer-focused surveillance products and our strategic focus on the smart surveillance system targeted at enterprises and households, which has led to a decrease in revenue from traditional products. Our revenue from the surveillance vertical increased in the six months ended June 30, 2025 as compared to the same period in 2024, primarily attributable to concurrent recovery of both traditional surveillance market and smart surveillance market.

Our revenue from emerging markets/IoT dropped between 2022 and 2023 and then rebounded in 2024, primarily because our new products targeting this vertical were not launched until 2024, which, after introduction, met strong market acceptance and were put into mass production. Our revenue from emerging markets/IoT significantly increased from the six months ended June 30, 2024 to the same period in 2025, mainly due to the accelerated adoption of our products in intelligent terminal devices.

The table below sets forth the product shipping volume and average selling price by product line of our semiconductor design and sales business for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price	Shipping Volume	Average Selling Price
	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)	(in thousands)	(RMB)
Advanced digital imaging solutions	1,023,622.9	13.36	1,145,699.5	13.56	1,194,806.5	16.06	576,730.7	16.15	627,914.9	16.48
Display solutions	80,363.1	18.30	132,860.7	9.41	155,232.3	6.62	67,789.9	6.96	72,555.6	6.33
Analog solutions	8,591,958.9	0.15	8,529,803.5	0.14	9,895,195.0	0.14	4,611,283.4	0.14	5,310,421.5	0.14

The shipping volume of our advanced digital imaging solutions has been steadily increasing from 2022 to 2024. The shipping volume of our display solutions experienced a marked increase year by year from 2022 to 2024. The shipping volume of our analog solutions slightly decreased from 2022 to 2023 and recovered in 2024. The shipping volume of our advanced digital imaging solutions increased in the six months ended June 30, 2025 as compared to the same period in 2024, primarily driven by the increased sales of solutions for automotive and emerging markets/IoT. The shipping volume of our display solutions slightly increased for the six months ended June 30, 2025 as compared to the same period in 2024. The shipping volume of our analog solutions experienced a modest increase in the six months ended June 30, 2025 as compared to the same period in 2024.

The average selling price of our advanced digital imaging solutions remained relatively stable in 2022 and 2023, increased in 2024, and also increased in the six months ended June 30, 2025 as compared with the same period in 2024, primarily due to (i) the accelerated market penetration of our solutions for smartphones, and (ii) a rapid growth of shipments of our high-value solutions for vehicles. The average selling price of our display solutions has been declining from 2022 to 2024 and from the six months ended June 30, 2024 to the same period in 2025, a structural change of our product base toward a greater proportion of cost-efficient products in response to changes in market demand,

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which led to a declining average selling price while boosting shipment volume. The average selling price of our analog solutions remained relatively stable from 2022 to 2024 and from the six months ended June 30, 2024 to the same period in 2025.

We offer a comprehensive range of products, spanning high, mid, and low-end segments, and including both standardized offerings and highly customized solutions. During the Track Record Period, (i) the unit price of our products under advanced digital imaging solutions ranges between below RMB1.0 and RMB2,873.1, (ii) the unit price of our products under display solutions ranges between RMB4.4 and RMB59.2, and (iii) the unit price of our products under analog solutions ranges between below RMB1.0 and RMB88.5. The price of each product varies based on a mix of factors, such as (i) the type of product sold; (ii) the industry vertical in which the product is applied; (iii) the number of products the customer orders; (iv) the prior established business relationship between the Company and the customer; (v) estimated spending budget of the customer; and (vi) overall market supply/demand and competitive landscape, and the resulting cyclical fluctuation in the semiconductor industry.

The following table sets forth a breakdown of our revenue by sales channel for the periods indicated, both in amounts and as percentages of our revenue from semiconductor distribution business:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Direct sales:										
Revenue from semiconductor design and sales business . . .	6,608.7	33.0	7,951.0	37.9	10,169.1	39.6	4,797.3	39.7	5,071.2	36.4
Revenue from semiconductor distribution business:	3,205.4	16.0	2,673.6	12.8	3,566.4	13.9	1,502.6	12.4	2,074.1	14.9
Others ⁽¹⁾	68.0	0.3	73.9	0.3	127.5	0.4	42.8	0.3	58.0	0.4
Subtotal	9,882.1	49.3	10,698.5	51.0	13,863.0	53.9	6,342.7	52.4	7,203.3	51.7
Sales through distributors:										
Revenue from semiconductor design and sales business . . .	9,798.7	48.9	9,989.3	47.6	11,471.3	44.7	5,620.7	46.5	6,500.8	46.6
Revenue from semiconductor distribution business:	359.4	1.8	296.5	1.4	372.5	1.4	130.2	1.1	240.0	1.7
Subtotal	10,158.1	50.7	10,285.8	49.0	11,843.8	46.1	5,750.9	47.6	6,740.8	48.3
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising income from technical service, such as IC design (design service provided on a non-recurring engineering basis for commissioned projects), consultancy, technology development, and miscellaneous income. Revenue from technical service is service fees in nature.

Our revenue from both channels under semiconductor design and sales business increased throughout the years ended December 31, 2022, 2023 and 2024 and from the six months ended

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June 30, 2024 to the same period in 2025, primarily driven by the strong growth of our advanced digital imaging solutions, in particular, products provided for smartphones and automotive applications.

In addition to the above, our results of operations are also reported by our reporting subsidiaries' location. The following table sets forth the amounts and percentages of our revenue from within and outside Chinese Mainland for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in millions, except for percentages)										
Chinese										
Mainland ⁽¹⁾	3,353.7	16.7	2,920.3	13.9	3,844.4	15.0	1,610.9	13.3	2,200.4	15.8
Outside Chinese										
Mainland ⁽¹⁾	16,686.5	83.3	18,064.0	86.1	21,862.4	85.0	10,482.7	86.7	11,743.7	84.2
Total	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.00	13,944.1	100.0

Note:

(1) The revenues we report by geography are based on the location in which our reporting subsidiaries are located.

The following table sets forth a revenue breakdown by product shipment destination for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(in millions, except for percentages)										
Chinese Mainland . . .	3,611.2	18.0	2,653.6	12.6	4,728.0	18.4	2,031.1	16.8	2,626.2	18.8
Hong Kong	13,636.3	68.0	15,287.9	72.9	17,724.2	68.9	8,329.7	68.9	9,614.7	69.0
United States	791.6	4.0	805.0	3.8	894.2	3.5	393.3	3.3	387.3	2.8
Other countries and regions ⁽¹⁾	2,001.1	10.0	2,237.8	10.7	2,360.4	9.2	1,339.5	11.0	1,315.9	9.4
Total revenue	20,040.2	100.0	20,984.3	100.0	25,706.8	100.0	12,093.6	100.0	13,944.1	100.0

Note:

(1) Comprising Romania, Ireland, Japan, Germany, Sweden and 28 other countries and regions in Asia, Europe, North America and Oceania which, in aggregate, accounted for less than 5% of our revenue in each period of the Track Record Period.

From 2022 to 2024, our revenue derived from products shipped to Hong Kong, the United States and other countries and regions continued to increase. Our revenue derived from products shipped to Hong Kong for the six months ended June 30, 2025 increased from the same period in 2024, while revenue derived from products shipped to the United States and other countries and regions remained relatively stable. Our revenue from products shipped to Chinese Mainland decreased from RMB3.6 billion for the year ended December 31, 2022 to RMB2.7 billion for the year ended December 31, 2023 and rebounded to a higher level of RMB4.7 billion for the year ended December 31, 2024. Our revenue from products shipped to Chinese Mainland increased from RMB2.0 billion for the six months ended June 30, 2024 to RMB2.6 billion for the six months ended June 30, 2025.

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During each period of the Track Record Period, revenue from sales of our products shipped to the United States accounted for less than 5% of our total revenue in each period. Overall, the geopolitical tension, trade restrictions and tariffs had not had a material impact on our business operations or financial performance during the Track Record Period and up to the Latest Practicable Date.

Cost of Sales

We utilize a fabless business model, which allows us to focus our resources on the design of semiconductors while working with third-party foundries and packaging and testing service providers to manufacture, package and test our products.

The table below sets forth a breakdown of our cost of sales by business line both in amounts and as a percentage of our total cost of sales for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(Unaudited)										
(in millions, except for percentages)										
Advanced digital										
imaging solutions . . .	10,309.2	67.4	12,092.9	72.0	12,845.1	69.6	6,325.8	72.9	6,747.6	68.7
Display solutions	854.0	5.6	1,197.9	7.1	977.0	5.3	451.1	5.2	417.9	4.3
Analog solutions	788.1	5.1	740.8	4.4	927.9	5.0	419.3	4.8	517.5	5.3
Semiconductor design and										
sales business	11,951.3	78.1	14,031.6	83.5	14,750.0	79.9	7,196.2	82.9	7,683.0	78.3
Semiconductor distribution										
business	3,338.5	21.8	2,764.5	16.5	3,657.8	19.8	1,486.7	17.1	2,134.3	21.7
Others ⁽¹⁾	9.2	0.1	4.7	—	59.8	0.3	2.9	—	0.8	—
Total	15,299.0	100.0	16,800.8	100.0	18,467.6	100.0	8,685.8	100.0	9,818.1	100.0

Note:

(1) Comprising employee benefits expenses in relation to our technical services and miscellaneous expense.

Our cost of sales increased from RMB15.3 billion in 2022 to RMB16.8 billion in 2023, primarily attributable to an increase in cost of sales for semiconductor design and sales business and partially offset by a decrease in cost of sales for semiconductor distribution business, each corresponding to the changes in revenue of respective business line. Our cost of sales further increased to RMB18.5 billion for the year ended December 31, 2024, driven by an increased cost of sales for each of our semiconductor design and sales business, semiconductor distribution business and other business, along with our sales expansion. Our cost of sales increased from RMB8.7 billion for the six months ended June 30, 2024 to RMB9.8 billion for the six months ended June 30, 2025, as the cost of sales of each of our business lines increased, along with our sales expansion.

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The table below sets forth a breakdown of our cost of sales by nature both in amounts and as a percentage of our total cost of sales for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
(Unaudited)										
(in millions, except for percentages)										
Semiconductor design and sales business										
Wafer	7,661.9	50.1	10,169.6	60.5	10,380.4	56.2	5,177.0	59.6	5,536.1	56.4
Package and test	1,924.2	12.6	1,785.5	10.6	2,253.8	12.2	1,151.9	13.3	1,143.7	11.7
Color filter	769.6	5.0	1,361.2	8.1	1,360.6	7.4	693.6	8.0	807.0	8.2
Write-down of inventory to net realisable value	1,313.3	8.6	373.7	2.2	318.1	1.7	122.6	1.4	125.5	1.3
Others ⁽¹⁾	282.3	1.8	341.6	2.1	437.1	2.4	51.1	0.6	70.7	0.7
Subtotal	11,951.3	78.1	14,031.6	83.5	14,750.0	79.9	7,196.2	82.9	7,683.0	78.3
Semiconductor distribution										
Chip	3,233.5	21.1	2,729.2	16.2	3,604.2	19.5	1,465.5	16.9	2,116.5	21.6
Write-down of inventory to net realisable value	95.9	0.6	(9.9)	—	6.7	—	—	—	(5.2)	(0.1)
Others ⁽¹⁾	9.1	0.1	45.2	0.3	47.0	0.3	21.2	0.2	23.0	0.2
Subtotal	3,338.5	21.8	2,764.5	16.5	3,657.9	19.8	1,486.7	17.1	2,134.3	21.7
Others ⁽²⁾	9.2	0.1	4.7	—	59.8	0.3	2.9	—	0.8	—
Total	15,299.0	100.0	16,800.8	100.0	18,467.6	100.0	8,685.8	100.0	9,818.1	100.0

Note:

(1) Comprising staff salaries, transportation costs, depreciation, utilities and warehouse expenses.

(2) Primarily are service costs in nature incurred in relation to our technical services.

By cost components, the increase in our cost of sales from the year ended December 31, 2022 to the year ended December 31, 2023 was primarily driven by the increase in the amounts of wafer and color filter we used for our semiconductor design and sales business expansion, partially offset by (i) a decrease in inventory write-down due to our inventory reduction efforts, and (ii) a decrease in chips we distributed due to the downturn in the semiconductor industry. Our packaging and testing cost decreased during this period as more of the testing process was carried out using our self-owned facilities. The further increase in cost of sales for the year ended December 31, 2024 was primarily attributable to the increase in chips we distributed, reflecting the gradual recovery of market demand in the semiconductor industry in 2024. Primarily driven by the same factor, our cost of sales increased in the six months ended June 30, 2025 as compared to the same period in 2024.

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Gross Profit and Gross Margin

The following table sets forth the breakdown of our gross profit among semiconductor design and sales business, semiconductor distribution business, and others for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin	Gross profit	Gross margin
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Advanced digital										
imaging solutions	3,365.3	24.6	3,442.6	22.2	6,345.0	33.1	2,986.0	32.1	3,598.1	34.8
Display solutions	616.5	41.9	52.5	4.2	51.3	5.0	20.6	4.4	41.5	9.0
Analog solutions	474.3	37.6	413.6	35.8	494.1	34.7	215.2	33.9	249.4	32.5
Semiconductor design and sales business	4,456.1	27.2	3,908.7	21.8	6,890.4	31.8	3,221.8	30.9	3,889.0	33.6
Semiconductor distribution business	226.3	6.3	205.6	6.9	281.0	7.1	146.1	8.9	179.8	7.8
Others	58.8	86.5	69.2	93.6	67.8	53.2	39.9	93.2	57.2	98.6
Total	4,741.2	23.7	4,183.5	19.9	7,239.2	28.2	3,407.8	28.2	4,126.0	29.6

For semiconductor design and sales business, we recorded gross profit of RMB4.5 billion, RMB3.9 billion, RMB6.9 billion, RMB3.2 billion and RMB3.9 billion, and gross margin of 27.2%, 21.8%, 31.8%, 30.9% and 33.6% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. Between the six months ended June 30, 2024 and 2025, for advanced digital imaging solutions, the increase in both gross profit and gross profit margin was mainly attributable to (i) the enhanced penetration of our automotive products, and (ii) the significant growth of solutions we provided for emerging markets/IoT, each resulting in an increased shipping volume of our enhanced products with a higher margin, such as products that enable high-resolution image processing in automotive applications. For display solutions, the significant growth of gross profit and gross profit margin was mainly attributable to the reduced procurement costs and improved operational efficiency through continuously deepening the collaboration with existing wafer foundries and packaging facilities, and transferring production of certain relatively mature products to local foundries at a generally lower cost. For analog solutions, the gross profit increased mainly driven by the increased sales and revenue, while the gross profit margin decreased primarily as a result of pricing pressure due to market competition. Between the years ended December 31, 2023 and 2024, the primary drivers for our gross profit and gross profit margin were (i) the increase in average selling prices of smartphone CIS as we continue to advance our technology and optimize product portfolios, launching products that support imaging and other features, adhering to our strategy, (ii) the continuous introduction of automotive CIS products into the markets, with the proportion of automotive CIS revenue rapidly increasing, (iii) our enhanced market penetration in the smartphone and automotive verticals due to the foregoing achievements, (iv) our continuously optimized product and supply chain structures evidenced by our deepened collaboration with wafer foundries and packaging facilities, and the transfer of production of certain relatively mature products to local foundries at a generally lower cost, improving cost management efficiency and (v) the rebound of demand and price in the smartphone vertical as the CIS market has started to recover from the downturn in the semiconductor industry, see “Industry Overview—Overview of the Global Semiconductor Industry” for more details.

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Between the years ended December 31, 2022 and 2023, gross profit margin for advanced digital imaging solutions slightly decreased, primarily because (i) in the first half of 2023 the semiconductor market remained weak with subdued demand in the downstream end-markets, leading to a decline in sales prices across all business lines, (ii) during the inventory reduction process, products targeting the consumer electronics faced significant price pressure, resulting in a substantial impact on the gross margin of smartphone CIS market, and (iii) inventory write-down we recorded due to the lower estimated realizable value. The pressure was partially offset by our active adjustment of supply chain by selecting more efficient suppliers, strengthened cost control by improving inventory management, and promoted product structure optimization with the launch of new products for flagship smartphones and the growth of demand in the automotive CIS market in the second half of 2023, which slightly drove up our gross profit. For display solutions, the gross profit and gross profit margin decrease significantly primarily due to industry cycles and supply-demand imbalances in the display market causing a decline in LCD-TDDI product prices and our provided inventory impairment based on the net realizable value of inventory.

During the Track Record Period, we recorded write-down of inventories due to the lower estimated realizable value of our inventories than their costs. We recorded write-down of inventories of RMB1.4 billion in 2022, RMB363.8 million in 2023, RMB324.9 million in 2024, RMB122.6 million and RMB120.3 million in the six months ended June 30, 2024 and 2025, respectively.

For semiconductor distribution business, we recorded gross profit of RMB226.3 million, RMB205.6 million, RMB281.0 million, RMB146.1 million and RMB 179.8 million, and gross margin of 6.3%, 6.9%, 7.1%, 8.9% and 7.8% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

For others, we recorded gross profit of RMB58.8 million, RMB69.2 million, RMB67.8 million, RMB39.9 million and RMB57.2 million and gross margin of 86.5%, 93.6%, 53.2%, 93.2% and 98.6% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

As a result of the foregoing, we recorded total gross profit of RMB4.7 billion, RMB4.2 billion, RMB7.2 billion, RMB3.4 billion and RMB4.1 billion, and gross margin of 23.7%, 19.9%, 28.2%, 28.2% and 29.6% for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

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Other Income

Our other income primarily consists of the government grants, dividend and net rental income. The following table sets forth a breakdown of our other income, in amounts and as percentages of total other income, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(Unaudited)									
	(in millions, except for percentages)									
Rental income	37.9	31.9	36.4	37.9	23.8	24.6	13.9	43.2	11.6	19.8
Rental cost	(13.6)	(11.4)	(9.5)	(9.8)	(11.6)	(12.0)	(4.4)	(13.7)	(4.3)	(7.3)
Rental income, net	24.3	20.5	26.9	28.1	12.2	12.6	9.5	29.5	7.3	12.5
Government grants	82.5	69.5	59.7	62.3	59.2	61.1	12.3	38.2	33.5	56.9
Dividend	11.9	10.0	9.3	9.6	25.5	26.3	10.4	32.3	18.0	30.6
Total	118.7	100.0	95.9	100.0	96.9	100.0	32.2	100.0	58.8	100.0

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, the other income represented 0.6%, 0.5%, 0.4%, 0.3% and 0.4% of our total revenue, respectively.

The government grants consist of financial subsidies received from various levels of local governments from time to time, which are granted for specific R&D, production or capital investment projects. Some of the grants are subject to compliance with specific policies promoted by the local governments and the projects are required to be located within the relevant governmental jurisdiction. There are no unfulfilled conditions related to these government grants. Other income decreased from RMB118.7 million in 2022 to RMB95.9 million in 2023, primarily due to a decrease in other income from government grants from RMB82.5 million in 2022 to RMB59.7 million in 2023, the amount of which was determined at the discretion of the relevant governmental authorities. Other income increased from RMB32.2 million for the six months ended June 30, 2024 to RMB58.8 million for the six months ended June 30, 2025, primarily due to an increase in government grants from RMB12.3 million for the six months ended June 30, 2024 to RMB33.5 million for the six months ended June 30, 2025, as part of local government initiatives to support our research and development.

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Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) employee benefits expenses related to sales and marketing personnel, (ii) marketing expenses, (iii) share-based payments related to sales and marketing personnel, (iv) depreciation and amortization, (v) travel expenses, and (vi) others. The following table sets forth a breakdown of our selling and marketing expenses, in amounts and as percentages of total selling and marketing expenses, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Employee benefits expenses	351.7	68.1	349.3	74.7	392.5	70.5	188.6	71.4	196.5	73.0
Marketing expenses	37.1	7.2	45.9	9.8	46.2	8.3	18.7	7.1	19.0	7.1
Share-based payments	55.4	10.7	(8.9)	(1.9)	40.5	7.3	21.9	8.3	16.5	6.1
Depreciation and amortization	41.5	8.0	35.4	7.6	29.1	5.2	11.0	4.2	10.0	3.7
Travel expenses	10.8	2.1	22.6	4.8	27.5	4.9	11.7	4.4	15.1	5.6
Others ⁽¹⁾	19.7	3.9	23.0	5.0	20.9	3.8	12.2	4.6	12.2	4.5
Total	516.2	100.0	467.3	100.0	556.7	100.0	264.1	100.0	269.3	100.0

Notes:

(1) Comprising office expenses and lease expenses and miscellaneous expenses.

For the years ended December 31, 2022, 2023 and 2024, and for the six months ended June 30, 2024 and 2025, the selling and marketing expenses represented 2.6%, 2.2%, 2.2%, 2.2% and 1.9% of our total revenue respectively.

General and Administrative Expenses

Our general and administrative expenses consist primarily of (i) employee benefits expenses related to general and administrative personnel, (ii) impairment of goodwill, (iii) depreciation and amortization of office equipment and intangible assets, such as trademarks transferred to us pursuant to our strategic acquisitions, (iv) professional services fees primarily in relation to legal, audit, tax and other professional service, (v) taxes and surcharges, (vi) licenses fee, (vii) bank charges, (viii) share-based payments related to general and administrative personnel, (ix) office expenses and (x) others. The following table sets forth a breakdown of our general and administrative expenses, in amounts and as percentages of total general and administrative expenses, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB	%	RMB	%
	(in millions, except for percentages)									
Employee benefits expenses	350.2	43.8	266.6	40.2	304.9	28.5	135.4	36.8	153.9	40.1
Impairment of goodwill	—	—	—	—	237.5	22.2	—	—	—	—
Depreciation and amortization	167.5	21.0	188.9	28.5	220.3	20.6	100.0	27.1	80.4	21.0
Professional service fee	97.8	12.2	84.5	12.8	96.1	9.0	54.4	14.8	45.3	11.8
Taxes and surcharges	24.6	3.1	32.5	4.9	40.4	3.8	19.6	5.3	17.8	4.6
Licenses fee	13.2	1.7	18.1	2.7	40.3	3.8	15.9	4.3	21.8	5.7
Bank charges	10.0	1.3	7.0	1.1	22.9	2.1	8.1	2.2	11.0	2.9
Share-based payments	37.1	4.6	(6.1)	(0.9)	20.4	1.9	10.8	2.9	9.2	2.4
Office expenses	23.7	3.0	15.8	2.4	16.3	1.5	6.4	1.7	7.9	2.1
Others ⁽¹⁾	75.2	9.3	55.3	8.3	71.8	6.6	17.8	4.9	36.2	9.4
Total	799.3	100.0	662.6	100.0	1,070.9	100.0	368.4	100.0	383.5	100.0

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Note:

(1) Comprising utilities, lease expenses, travel expenses and miscellaneous expenses.

For the years ended December 31, 2022, 2023 and 2024, and for the six months ended June 30, 2024 and 2025, the general and administrative expenses represented 4.0%, 3.2%, 4.2%, 3.0% and 2.8% of our total revenue, respectively.

The impairment charge of RMB237.5 million in 2024 arose in the Company's display solutions business line. We wrote down goodwill of subsidiaries acquired from 2020 to 2022 to its recoverable amount due to lower-than-expected cash flows, as the recovery progress of the global display ICs market did not meet the management's expectation. We also reassessed the depreciation and amortization policies of our long-term assets for the display solutions business line and estimated that the useful lives of our long-term assets will not be affected. No class of asset other than goodwill was impaired. As of December 31, 2024, the recoverable amount of the display solutions business line was RMB1.1 billion. See Note 21 to the Accountants' Report set out in Appendix I to this document for details.

Research and Development Expenses

Our research and development expenses consist primarily of (i) employee benefits expenses related to R&D personnel, (ii) depreciation and amortization of intangible assets and R&D equipment, (iii) licenses fee we pay to support our R&D activities, (iv) professional services fees in relation to design, testing and technical consulting, (v) share-based payments related to R&D personnel, (vi) costs for materials used in our R&D activities, (vii) impairment of development expenditure, and (viii) others. The following table sets forth a breakdown of our research and development expenses, in amounts and as percentages of total research and development expenses, for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2022		2023		2024		2024		2025	
	RMB	%	RMB	%	RMB	%	RMB (Unaudited)	%	RMB	%
(in millions, except for percentages)										
Employee benefits expenses	1,049.3	41.7	989.4	44.2	1,238.4	46.1	545.8	43.1	690.8	50.5
Depreciation and amortization	554.7	22.0	593.3	26.5	605.8	22.6	299.7	23.7	294.0	21.5
Licenses fee	158.4	6.3	213.5	9.5	224.6	8.4	112.1	8.9	117.3	8.6
Professional service fee	247.8	9.8	229.0	10.2	204.6	7.6	111.6	8.8	82.1	6.0
Share-based payments	157.4	6.2	(13.6)	(0.6)	163.0	6.1	91.6	7.3	72.2	5.3
Material used for R&D	257.1	10.2	153.1	6.8	111.2	4.1	59.8	4.7	70.8	5.2
Impairment of development expenditure	23.0	0.9	5.3	0.2	63.7	2.4	10.3	0.8	3.0	0.2
Others ⁽¹⁾	70.8	2.9	69.4	3.2	74.5	2.7	34.9	2.7	37.5	2.7
Total	2,518.5	100.0	2,239.4	100.0	2,685.8	100.0	1,265.8	100.0	1,367.7	100.0

Notes:

(1) Comprising lease expenses, utilities and miscellaneous expenses.

For the years ended December 31, 2022, 2023 and 2024, and for the six months ended June 30, 2024 and 2025, the research and development expenses represented 12.6%, 10.7%, 10.4% 10.5% and 9.8% of our total revenue, respectively.

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Net Impairment Losses on Financial Assets

Our net impairment losses on financial assets primarily are in relation to bad debt losses on trade receivables as a result of some customers' impaired ability to make payments to us when they become due. The following table sets forth a breakdown of our net impairment losses on financial assets arise for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(Unaudited)	
				(in millions)	
Loss allowance for trade receivables	34.8	(91.0)	(11.7)	(15.7)	(32.9)
Loss allowance for notes receivables	0.1	0.4	—	—	—
Loss allowance for other receivables	0.5	0.4	(0.4)	—	(1.5)
Loss allowance for long-term receivables	—	(0.7)	0.7	0.7	—
Total	35.4	(90.9)	(11.4)	(15.0)	(34.4)

Other Gains/(Losses), Net

Our other gains/(losses), net primarily consists of deemed gain on disposal of subsidiaries and associates, net gain on disposal of financial assets at fair value through profit or loss ("FVPL") and net fair value (losses)/gains on financial assets at FVPL. The following table sets forth a breakdown of our other gains/(losses), net arise for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(Unaudited)	
				(in millions)	
Net gain on disposal of financial assets at FVPL	117.4	103.1	140.1	3.4	0.3
Net fair value (losses)/gains on financial assets at FVPL	(221.2)	246.9	74.3	(88.6)	52.9
Net gain/(losses) on disposal of subsidiaries and associates	234.2	—	50.1	50.1	(0.4)
Net foreign exchange (losses)/gains	(117.4)	(11.7)	32.3	30.8	(27.3)
Net gain on disposal of long-term assets	6.8	1.6	7.2	3.6	—
Deemed gain on disposal of subsidiaries and associates	722.5	—	—	—	—
Dilution gains/(losses) of associates	—	0.1	(5.7)	—	—
Net fair value losses on financial liabilities at FVPL	—	(15.5)	(16.3)	(2.7)	(3.6)
Others	3.0	24.8	9.2	(0.4)	(0.4)
Total	745.3	349.3	291.2	(3.8)	21.5

For the years ended December 31, 2022, 2023 and 2024, and for the six months ended June 30, 2024 and 2025, the other gains/(losses), net represented 3.7%, 1.7%, 1.1%, nil and 0.1% of our total revenue, respectively.

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Finance Costs, Net

Our finance costs, net primarily consist of interest expenses on the bank borrowings, including fixed-rate and variable-rate loans, and the Convertible Bonds we issued, and our interest income. The following table sets forth a breakdown of our finance costs, net for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
	(in millions)			(unaudited)	
Bank deposit interest income	27.3	95.9	330.3	140.6	194.2
Finance income	<u>27.3</u>	<u>95.9</u>	<u>330.3</u>	<u>140.6</u>	<u>194.2</u>
Interests on borrowing	(377.8)	(414.0)	(202.0)	(108.1)	(91.7)
Interests on convertible bonds	(107.4)	(112.0)	(116.7)	(57.3)	(54.2)
Interests on lease liabilities	(8.7)	(8.0)	(8.0)	(4.1)	(3.6)
Finance costs	<u>(493.9)</u>	<u>(534.0)</u>	<u>(326.7)</u>	<u>(169.5)</u>	<u>(149.5)</u>
Total	<u>(466.6)</u>	<u>(438.1)</u>	<u>3.6</u>	<u>(28.9)</u>	<u>44.7</u>

Share of Post-Tax (Losses)/Gains of Equity Accounted Associates

Our share of post-tax (losses)/gains of equity accounted associates represents our investment losses or gains from our long-term equity-accounted investments in the associates. We recorded our share of post-tax losses of equity accounted associates of RMB46.3 million, RMB38.8 million and RMB33.3 million for the years ended December 31, 2022, 2023 and 2024, and RMB4.0 million for the six months ended June 30, 2025, respectively, representing 0.2%, 0.2%, 0.1% and nil of our revenue in the respective periods. We recorded our share of post-tax gains of equity accounted associates of RMB8.6 million for the six months ended June 30, 2024, representing 0.1% of our revenue in the same period.

Income Tax (Expenses)/Benefit

Income tax expenses primarily represent our total current and deferred income tax expenses pursuant to the relevant income tax rules and regulations in the jurisdictions where we operate. In 2022 and 2023, we recorded income tax expense of RMB342.7 million and RMB147.6 million respectively. In 2024, we recognized income tax benefit of RMB5.8 million, primarily due to the reversal of provision for uncertain taxes that arose from certain tax benefits we claimed in the U.S. In the six months ended June 30, 2024 and 2025, we recorded income tax expense of RMB141.7 million and RMB171.7 million respectively. We are subject to varying tax rates in different jurisdictions. See Note 13 of the Accountants' Report set out in Appendix I to this document.

Our subsidiaries incorporated in the PRC are generally subject to PRC EIT of 25% whereas certain subsidiaries were subject to preferential tax treatments available to qualified enterprises in certain encouraged sectors of the economy. In Hong Kong, our subsidiaries are subject to Hong Kong profits tax at a rate of 16.5%. In U.S., our U.S. subsidiary is subject to U.S. federal corporate income tax of 21% and corporate income tax for the State of California of 8.84% under relevant laws and regulations. In Singapore, our subsidiary has obtained a preferential tax rate from the Singapore Economic Development Board, and was subject to enterprise income tax at a rate of 10% or 10.5% during the Track Record Period.

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Profit For The Year/Period

We recorded profit for the year/period of RMB951.0 million, RMB544.0 million, RMB3,278.6 million, RMB1,360.9 million and RMB2,020.4 million for the years ended December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively, representing 4.8%, 2.6%, 12.7%, 11.3% and 14.5% of our revenue in the respective years.

This increase in profit for the period from six months ended June 30, 2024 to the same period in 2025 was mainly due to an increase in our revenue from advanced digital imaging solutions, driven by (i) the accelerated adoption of our solutions in mid-to-low-priced models and enhanced penetration of our solutions for vehicles, and (ii) our significant expansion in the panoramic and action camera application markets, as well as the growing demand for smart glasses and machine vision solutions.

This increase in profit for the year from 2023 to 2024 was mainly due to an increase in our revenue from advanced digital imaging solutions in semiconductor design and sales business as a result of our enhanced market penetration in the growing smartphone and automotive verticals and an increase in gross profit margin due to the increasing proportion of CIS applied in vehicles in our sales with higher gross profit margin, partially offset by an increase in our expenses, largely driven by our business growth.

This decrease in profit for the year from 2022 to 2023 was mainly due to a decrease in gross profit margin as a result of the price pressure when we were reducing our inventory which was purchased at a higher cost.

For details, see “— Period to Period Comparison of Results of Operations.”

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue

Our revenue increased by 15.3% from RMB12.1 billion for the six months ended June 30, 2024 to RMB13.9 billion for the six months ended June 30, 2025. Specifically, our revenue from semiconductor design and sales business increased by 11.1% from RMB10.4 billion for the six months ended June 30, 2024 to RMB11.6 billion for the six months ended June 30, 2025, which was primarily due to (i) increased sales in advanced digital imaging solutions by 11.1% from RMB9.3 billion for the six months ended June 30, 2024 to RMB10.3 billion for the six months ended June 30, 2025, mainly as a result of (a) an increase of revenue generated from automotive vertical from RMB2.9 billion for the six months ended June 30, 2024 to RMB3.8 billion for the six months ended June 30, 2025, as a result of accelerated adoption of our solutions in mid-to-low-priced models and enhanced penetration of our solutions for vehicles, and (b) an increase in revenue generated from emerging markets/IoT as a result of accelerated adoption of intelligent terminal devices such as smartphones, smartwatches and smart home devices that are embedded with AI capabilities., and (ii) increased sales in analog solutions by 20.9% from RMB634.5 million for the six months ended June 30, 2024 to RMB766.9 million for the six months ended June 30, 2025. Our revenue from semiconductor distribution business experienced a marked increase of 41.7% from RMB1.6 billion for the six months ended June 30, 2024 to RMB2.3 billion for the six months ended June 30, 2025, mainly due to the continued recovery of demand in semiconductor market, and particularly, the in the automotive vertical and emerging markets.

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Cost of sales

Our cost of sales increased by 13.0% from RMB8.7 billion for the six months ended June 30, 2024 to RMB9.8 billion for the six months ended June 30, 2025, which was generally in line with our growth in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 21.1% from RMB3.4 billion for the six months ended June 30, 2024 to RMB4.1 billion for the six months ended June 30, 2025, and our overall gross profit margin increased from 28.2% for the six months ended June 30, 2024 to 29.6% for the six months ended June 30, 2025. The primary drivers are (i) the increase in average selling prices of automotive CIS as our solutions for vehicles gained wider market acceptance, and (ii) our continued efforts to optimize product and supply chain structures through deepening the collaboration with existing wafer foundries and packaging facilities, and transferring production of certain relatively mature products to local foundries at a generally lower cost, adhering to our strategy while improving cost management efficiency.

Other income

Our other income increased by 82.6% from RMB32.2 million to RMB58.8 million, primarily due to an increase in government grants from RMB12.3 million for the six months ended June 30, 2024 to RMB33.5 million for the six months ended June 30, 2025, as part of local government initiatives to support our research and development.

Selling and marketing expenses

Our selling and marketing expenses remained relatively stable at RMB264.1 million for the six months ended June 30, 2024 and RMB269.3 million for the six months ended June 30, 2025.

General and administrative expenses

Our general and administrative expenses remained relatively stable at RMB368.4 million for the six months ended June 30, 2024 and RMB383.5 million for the six months ended June 30, 2025.

Research and development expenses

Our research and development expenses increased by 8.1% from RMB1.3 billion for the six months ended June 30, 2024 to RMB1.4 billion for the six months ended June 30, 2025, primarily due to the rise of employee benefits expenses from RMB545.8 million for the six months ended June 30, 2024 to RMB690.8 million for the six months ended June 30, 2025 as a result of the expansion of our research and development team with a higher average salary, partially offset by (i) a decrease in professional service fee from RMB111.6 million for the six months ended June 30, 2024 to RMB82.1 million for the six months ended June 30, 2025, and (ii) a decrease in share-based compensation from RMB91.6 million for the six months ended June 30, 2024 to RMB72.2 million for the six months ended June 30, 2025.

Net impairment losses on financial assets

Our net impairment losses on financial assets increased by 128.6% from RMB15.0 million for the six months ended June 30, 2024 to RMB34.4 million for the six months ended June 30, 2025,

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primarily due to the increased bad debt provision on trade receivables from RMB15.7 million to RMB32.9 million in respective period, which reflected the improving business environment for the six months ended June 30, 2025 that facilitated our recovery of trade receivables.

Other gains/(losses), net

We recorded other losses, net of RMB3.8 million for the six months ended June 30, 2024 and other gains of RMB21.5 million for the six months ended June 30, 2025, primarily due to the appreciation in net fair value of our investments.

Finance (costs)/income, net

We recorded finance cost of RMB28.9 million for the six months ended June 30, 2024 and finance income of RMB44.7 million for the six months ended June 30, 2025, primarily due to (i) an increase of interest income from RMB140.6 million for the six months ended June 30, 2024 to RMB194.2 million for the six months ended June 30, 2025 as a result of the increase in prevailing interest rate and the balance of our saving at bank, and (ii) a reduction of interest expenses from RMB169.5 million for the six months ended June 30, 2024 to RMB149.5 million for the six months ended June 30, 2025 as a result of the decrease in our borrowing.

Share of post-tax gains/(losses) of equity accounted associates

We recorded our share of post-tax gains of equity accounted associates of RMB8.6 million for the six months ended June 30, 2024, and a share of post-tax losses of equity accounted associates of RMB4.0 million for six months ended June 30, 2025, primarily due to certain strategic investments we made in companies in the early stage.

Income tax expenses

Our income tax expenses increased by 21.2% from RMB141.7 million for the six months ended June 30, 2024 to RMB171.7 million for the six months ended June 30, 2025, primarily as a result of our increased profit before income tax during the period.

Profit for the period

As a result of the foregoing, our profit for the period increased by 48.5% from RMB1.4 billion for the six months ended June 30, 2024 to RMB2.0 billion for the six months ended June 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 22.5% from RMB21.0 billion in 2023 to RMB25.7 billion in 2024. Specifically, our revenue from semiconductor design and sales business increased by 20.6% from RMB17.9 billion in 2023 to RMB21.6 billion in 2024, which was primarily due to (i) increased sales in advanced digital imaging solutions by 23.5% from RMB15.5 billion in 2023 to RMB19.2 billion in 2024, mainly due to (a) an increase of revenue in smartphone vertical as we continue to invest in R&D to support the launch of products featuring imaging capabilities and innovative functions, driving an increase in our market share in the smartphone segment and a rise in the adoption rate of multi-camera modules, (b) an increase of revenue in automotive vertical as a result of the accelerated adoption of

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automotive intelligence leading to more mid-to-low-priced vehicle models supporting ADAS solutions, resulting in increased single-vehicle camera installation numbers, growing market demand, and our leading technology in high-resolution automotive CIS products, and (c) the achieved high revenue growth in medical and emerging markets, and (ii) increased sales in analog solutions by 23.2% from RMB1.2 billion in 2023 to RMB1.4 billion in 2024, primarily due to (a) our increased market share because of our established partnerships with leading customers and our cross-selling efforts across our business lines, (b) the rapid growth in automotive analog ICs as a result of the advancement of our product layout and introduction for automotive analog ICs and (c) an increase in market demand for analog solutions. Our revenue from semiconductor distribution business also increased by 32.6% from RMB3.0 billion in 2023 to RMB3.9 billion in 2024, primarily because of the rebound market demand in semiconductor industry due to the recovery in consumer electronics demand and the development of automotive intelligence.

Cost of sales

Our cost of sales increased by 9.9% from RMB16.8 billion in 2023 to RMB18.5 billion in 2024, which was generally in line with our growth in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 73.0% from RMB4.2 billion in 2023 to RMB7.2 billion in 2024, and our overall gross profit margin increased from 19.9% in 2023 to 28.2% in 2024. The primary drivers are (i) the increase in average selling prices of smartphone CIS as we continue to advance our technology and optimize product portfolios, launching products that support imaging and other features, adhering to our strategy, (ii) the continuous introduction of leading automotive CIS products into the markets, with the proportion of automotive CIS revenue rapidly increasing, (iii) our enhanced market penetration in the smartphone and automotive verticals due to the foregoing achievements, (iv) our continuously optimized product and supply chain structures through deepening the collaboration with existing wafer foundries and packaging facilities, and transferring production of certain relatively mature products to local foundries at a generally lower cost, improving cost management efficiency and (v) the rebound of demand and price in the smartphone vertical as the CIS market has started to recover from the downturn in the semiconductor industry, see “Industry Overview—Overview of CIS Market—Smartphones” for more details.

Other income

Our other income remained relatively stable at RMB95.9 million in 2023 and RMB96.9 million in 2024.

Selling and marketing expenses

Our selling and marketing expenses increased by 19.1% from RMB467.3 million in 2023 to RMB556.7 million in 2024, primarily because we recorded (i) an increase in employee benefits expenses from RMB349.3 million in 2023 to RMB392.5 million in 2024, because we expanded our sales team from 684 employees in 2023 to 702 employees in 2024 with the higher average salary, and (ii) a reversal of share-based payments of RMB8.9 million in 2023 as the business performance conditions of our Company in the share incentive plans were not met.

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General and administrative expenses

Our general and administrative expenses increased by 61.6% from RMB0.7 billion in 2023 to RMB1.1 billion in 2024, primarily because we recorded (i) an impairment of goodwill of RMB237.5 million which was a non-recurring item, (ii) an increase in employee benefits expenses from RMB266.6 million in 2023 to RMB304.9 million in 2024 as we expanded the size of our administration team from 215 members in 2023 to 233 members in 2024 with the higher average salary, (iii) an increase in depreciation and amortization from RMB188.9 million to RMB220.3 million, and (iv) a reversal of share-based payments of RMB6.1 million in 2023 as the business performance conditions of our Company in the share incentive plans were not met.

The impairment charge of RMB237.5 million in 2024 arose in the Company's display solutions business line. As the recovery progress of the global display ICs market did not meet the management's expectation, we reassessed the depreciation and amortization policies of our long-term assets for the display solutions business line and estimated that the useful lives of our long-term assets will not be affected. No class of asset other than goodwill was impaired. As of December 31, 2024, the recoverable amount of the display solutions business line was RMB1.1 billion. See Note 21 to the Accountants' Report set out in Appendix I to this document for details.

Research and development expenses

Our research and development expenses increased by 19.9% from RMB2.2 billion in 2023 to RMB2.7 billion in 2024, primarily due to (i) the rise of employee benefits expenses from RMB989.4 million in 2023 to RMB1.2 billion in 2024 as a result of the expansion of our research and development team from 2,053 members in 2023 to 2,387 members in 2024 with the higher average salary, and (ii) the reversal of share-based payments of RMB13.6 million we recorded in 2023 as the business performance conditions of our Company in the share incentive plans were not met.

Net impairment losses on financial assets

Our net impairment losses on financial assets decreased by 87.5% from RMB90.9 million in 2023 to RMB11.4 million in 2024, primarily due to the decreased bad debt provision on trade receivables from RMB91.0 million in 2023 to RMB11.7 million.

Other gains, net

Our other gains, net decreased by 16.6% from RMB349.3 million in 2023 to RMB291.2 million in 2024, primarily due to the fluctuation of fair value of our investments.

Finance costs, net

We recorded finance costs of RMB438.1 million in 2023 and finance income of RMB3.6 million in 2024, primarily due to (i) an increase of interest income from RMB95.9 million in 2023 to RMB330.3 million in 2024 as a result of the increase in prevailing interest rate and the balance of our saving at bank, and (ii) a reduction of interest expenses from RMB534.0 million in 2023 to RMB326.7 million in 2024 as a result of the decrease in our borrowing.

Share of post-tax losses of equity accounted associates

Our share of post-tax losses of equity accounted associates decreased by 14.3% from RMB38.8 million in 2023 to RMB33.3 million in 2024, primarily due to the improving business performance of our invested associates.

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Income tax (expenses)/benefit

We recorded income tax expense of RMB147.6 million in 2023 and income tax benefit of RMB5.8 million in 2024, respectively, primarily due to the reversal of provision we made for uncertain taxes as the relevant limitation period expired in 2024. We reverse income tax reserves and recognize tax benefits associated with our uncertain tax positions that arose from certain tax benefits we claimed in the U.S. The reserves were established for uncertain tax positions arising from a recent development in law that might affect the interpretation and application of relevant tax regulations, and were reversed in 2024 when the statute of limitations for prior years expired. These reversals were recorded as a reduction to our 2024 provision for income taxes.

Profit for the year

As a result of the recovery in demand in the smartphone market, our smartphone strategy, automotive intelligence initiatives, and product positioning in emerging markets in relation to our revenue, and our strengthened cost control and improved operational efficiency in relation to our cost, our profit for the year increased from RMB544.0 million in 2023 to RMB3,278.6 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased slightly from RMB20.0 billion in 2022 to RMB21.0 billion in 2023. Specifically, our revenue from semiconductor design and sales business increased by 9.3% from RMB16.4 billion in 2022 to RMB17.9 billion in 2023, which was primarily due to increased sales in advanced digital imaging solutions by 13.6% from RMB13.7 billion in 2022 to RMB15.5 billion in 2023. For advanced digital imaging solutions, the primary growth drivers are (i) the gradually recovering market demand from the second half of 2023 onwards following the downturn in the semiconductor industry from 2022 to the first half of 2023, (ii) our actively promoted inventory reduction and introducing products into the smartphone vertical, driving smartphone CIS revenue to rebound from its 2022 low and return to rapid growth in 2023, and (iii) the rising penetration rate of ADAS application as we maintain the leading position in the automotive CIS market, continuously introducing into the market and driving the shipping volume. For display solutions, the sales volume increases were partially offset by price pressure due to weak display market demand, resulting in slight revenue decline. For analog solutions, there is also a slight decrease in revenue due to the divestiture of businesses that had not fully realized their potential, allowing us to better focus on our core business. This was partially offset by a decrease of our revenue from semiconductor distribution business from RMB3.6 billion in 2022 to RMB3.0 billion in 2023 due to market conditions.

Cost of sales

Our cost of sales increased by 9.8% from RMB15.3 billion in 2022 to RMB16.8 billion in 2023, which generally was in line with our revenue trend during the same period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 11.8% from RMB4.7 billion in 2022 to RMB4.2 billion in 2023, and our overall gross profit margin decreased from 23.7% in 2022 to 19.9% in 2023. For advanced digital imaging solutions, both gross profit and gross profit margin remain relatively stable, primarily because (i) in the first half of 2023 the semiconductor market

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remained weak with subdued demand in the downstream end-markets, leading to a decline in sales prices across all business lines, and (ii) during the inventory reduction process, products targeting the consumer electronics faced significant price pressure, resulting in a substantial impact on the gross margin of smartphone CIS market, partially offset by (iii) the recovered revenue and gross margin levels in the second half of 2023 as we actively adjusted our supply chain, strengthened cost control, and promoted product structure optimization with the launch of new products for smartphones and the growth of demand in the automotive CIS market. For display solutions, the gross profit and gross profit margin decrease significantly primarily due to industry cycles and supply-demand imbalances in the global display market causing a decline in LCD-TDDI product prices and our provided inventory impairment of RMB66.0 million in 2023 based on the net realizable value of inventory.

Other income

Our other income decreased by 19.2% from RMB118.7 million in 2022 to RMB95.9 million in 2023, primarily due to a decrease in government grant we received from RMB82.5 million in 2022 to RMB59.7 million in 2023 as the government grants were generally temporary and one-off.

Selling and marketing expenses

Our selling and marketing expenses decreased by 9.5% from RMB516.2 million in 2022 to RMB467.3 million in 2023, primarily due to (i) a reversal of share-based payments of RMB8.9 million in 2023 as the business performance conditions of our Company in the share incentive plans were not met, and (ii) a decrease in employee benefits expenses from RMB351.7 million in 2022 to RMB349.3 million in 2023, because we optimized our sales team from 746 employees in 2022 to 684 employees in 2023.

General and administrative expenses

Our general and administrative expenses decreased by 17.1% from RMB799.3 million in 2022 to RMB662.6 million in 2023, primarily due to (i) a drop of employee benefits expenses from RMB350.2 million in 2022 to RMB266.6 million in 2023, attributable to our optimized administration team from 278 members in 2022 to 215 members in 2023 to improve efficiency, and (ii) a reversal of share-based payments of RMB6.1 million in 2023 as the business performance conditions of our Company in the share incentive plans were not met.

Research and development expenses

Our research and development expenses decreased by 11.1% from RMB2.5 billion in 2022 to RMB2.2 billion in 2023, primarily due to (i) a reversal of share-based payments of RMB13.6 million in 2023 as the business performance conditions of our Company in the share incentive plans were not met, and (ii) a reduction in material used for R&D from RMB257.1 million in 2022 to RMB153.1 million in 2023 primarily due to our efforts to enhance our R&D activities' efficiency.

Net impairment losses on financial assets

We recorded net reversal on impairment losses on financial assets of RMB35.4 million in 2022 and net impairment losses on financial assets of RMB90.9 million in 2023, primarily due to the bad debt losses on trade receivables of RMB91.0 million in 2023, which was in line with our increased trade receivables balance in 2023.

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Other gains, net

Our other gains, net decreased by 53.1% from RMB745.3 million in 2022 to RMB349.3 million in 2023, primarily due to the fluctuation of fair value of our investments.

Finance costs, net

Our finance costs, net decreased by 6.1% from RMB466.6 million in 2022 to RMB438.1 million in 2023, primarily due to (i) an increase in our interest income from RMB27.3 million in 2022 to RMB95.9 million in 2023, partially offset by (ii) an increase in interest expense on borrowing from RMB377.8 million in 2022 to RMB414.0 million in 2023, as a result of the increase in the prevailing interest rate.

Share of post-tax losses of equity accounted associates

Our share of post-tax losses of equity accounted associates decreased by 16.1% from RMB46.3 million in 2022 to RMB38.8 million in 2023, primarily due to the improving business performance of our invested associates.

Income tax (expenses)/benefit

We recorded income tax expense of RMB342.7 million and RMB147.6 million in 2022 and 2023, respectively, which was generally in line with the trend of profit before income tax.

Profit for the year

As a result of (i) the product price pressure due to the industry downturn in the first half of 2023 and our inventory reduction efforts, causing a decline in gross profit, as well as (ii) a decrease in our investments' gains, our profit for the year decreased by 42.8% from RMB951.0 million in 2022 to RMB544.0 million in 2023.

DISCUSSION OF CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the breakdown of our current assets and current liabilities as of the dates indicated:

We had net current assets positions as of December 31, 2022, 2023 and 2024 and as of June 30, 2025 and October 31, 2025.

Our net current assets increased from RMB14.3 billion as of June 30, 2025 to RMB16.8 billion of October 31, 2025, mainly due to (i) an increase in cash and cash equivalents of RMB1.7 billion and (ii) an increase in inventories of RMB280.0 million, partially offset by (i) an increase in current borrowings of RMB526.4 million and (ii) a decrease in trade and other receivables of RMB90.6 million.

Our net current assets increased from RMB14.2 billion as of December 31, 2024 to RMB14.3 billion as of June 30, 2025, mainly due to (i) an increase of cash and cash equivalents of RMB1.0 billion, and (ii) an increase of inventories of RMB997.9 million, partially offset by (i) an increase in current borrowings of RMB1.4 billion, and (ii) an increase in trade and other payables of RMB1.0 billion.

Our net current assets increased from RMB11.2 billion as of December 31, 2023 to RMB14.2 billion as of December 31, 2024, mainly due to (i) a decrease in short-term borrowings of

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RMB1.8 billion, (ii) an increase of cash and cash equivalents of RMB1.1 billion, and (iii) an increase of inventories of RMB634.6 million.

Our net current assets increased from RMB9.2 billion as of December 31, 2022 to RMB11.2 billion as of December 31, 2023, mainly due to (i) an increase of cash and cash equivalents of RMB5.1 billion, (ii) a decrease in short-term borrowings of RMB2.1 billion, and (iii) an increase of trade and other receivables of RMB1.5 billion, partially offset by (iv) a decrease in inventories of RMB6.0 billion, and (v) an increase in trade and other payables of RMB549.6 million.

Non-Current Assets and Non-Current Liabilities

The following table sets forth the breakdown of our non-current assets and non-current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
		(in millions)		
<i>Non-current Assets</i>				
Goodwill	3,169.4	3,860.7	3,632.2	3,629.6
Financial assets at FVPL	2,964.3	3,397.8	3,346.8	3,565.0
Property, plant and equipment	2,189.9	2,724.4	3,242.8	3,424.8
Intangible assets	1,698.7	1,975.0	1,886.5	1,896.7
Financial assets at FVOCI	1,703.3	1,564.5	1,648.7	1,672.8
Development expenditure	810.6	1,044.6	1,063.5	1,096.4
Assets under construction	493.1	903.8	533.8	661.4
Right-of-use assets	573.6	553.4	522.9	516.3
Investments accounted by equity method	534.1	518.4	464.0	458.5
Deferred tax assets	335.9	406.1	400.7	635.2
Investment properties	253.0	247.5	241.7	237.8
Prepayments, non-current	778.4	220.4	96.0	259.4
Other non-current assets	73.4	62.4	80.8	75.1
Total non-current assets	15,577.7	17,479.0	17,160.4	18,129.0
<i>Non-current liabilities</i>				
Borrowings, non-current	2,749.8	2,977.4	3,472.0	2,434.7
Convertible bonds	2,346.8	2,443.9	2,523.9	2513.7
Deferred tax liabilities	422.9	495.0	529.8	618.3
Provision	1,011.5	943.6	433.3	460.1
Lease liabilities, non-current	145.3	122.1	96.9	101.5
Financial liabilities at FVPL	—	172.5	88.8	91.4
Other non-current liabilities	40.4	25.3	22.1	41.1
Total non-current liabilities	6,716.7	7,179.8	7,166.8	6,260.8

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Inventories

Our inventories mainly include works in process, finished goods and technical service cost. The following table sets forth details of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Works in process	5,284.4	3,345.7	3,566.3	4,606.2
Finished goods	7,071.2	2,949.4	3,388.8	3,345.3
Technical service cost ⁽¹⁾	0.7	26.5	1.1	2.6
Total	12,356.3	6,321.6	6,956.2	7,954.1

Note:

(1) Primarily representing employee benefit expenses and materials used in relation to technical services

Our inventories increased from RMB7.0 billion as of December 31, 2024 to RMB8.0 billion as of June 30, 2025, mainly as a result of higher inventories of solutions for vehicles which has a longer production cycle. Our inventories increased from RMB6.3 billion as of December 31, 2023 to RMB7.0 billion as of December 31, 2024, primarily in response to the gradual recovery in the image sensor demands, in 2024. Our inventories decreased from RMB12.4 billion as of December 31, 2022, to RMB6.3 billion as of December 31, 2023, primarily due to our continuous efforts in reducing the inventory level to tackle the cyclical industry downturns that led to a fluctuating market demand in 2023.

The following is an aging analysis of our inventories:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Inventories				
Up to 1 year	5,484.4	3,058.0	5,018.2	5,992.3
Over 1 year	6,871.9	3,263.6	1,938.0	1,961.8
Total	12,356.3	6,321.6	6,956.2	7,954.1

The following table sets forth details of our inventories aged over one year by business line as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Inventories over one year				
Advanced digital imaging solutions	6,376.8	2,744.7	1,685.6	1,631.9
Display solutions	280.0	110.0	44.9	50.0
Analog solutions	180.3	383.2	192.7	255.4
Semiconductor design and sales business	6,837.1	3,237.9	1,923.2	1,937.3
Semiconductor distribution business	34.8	25.7	14.8	24.5
Total	6,871.9	3,263.6	1,938.0	1,961.8

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Our inventories over one year are mainly advanced digital imaging solutions, which decreased significantly from RMB6.4 billion as of December 31, 2022 to RMB2.7 billion as of December 31, 2023 mainly due to our inventory reduction efforts in 2023. Our advanced digital imaging solution inventories further decreased to RMB1.7 billion as of December 31, 2024 and to RMB1.6 billion as of June 30, 2025, mainly due to the expanded sales in 2024 caused by increasing market demand. Correspondingly, the proportion of our inventories with a carrying period of over one year decreased period by period, from 55.6% as of December 31, 2022, 51.6% as of December 31, 2023, to 27.9% as of December 31, 2024 and further to 24.7% as of June 30, 2025.

The following table sets forth our inventory turnover days for the periods indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Inventory turnover days ⁽¹⁾	252.1	202.9	131.2	137.4

Notes:

(1) Calculated as the average of beginning and ending balance of inventories for the period divided by cost of sales for that period and multiplied by 365 days or 181 days, as applicable.

Our inventory turnover days were 252.1 days, 202.9 days, 131.2 days and 137.4 days in 2022, 2023 and 2024 and in the six months ended June 30, 2025, respectively, primarily due to (i) the gradual recovery in market demands from the second half of 2023, and (ii) our active measures, including optimizing the procurement time and enhanced product promotion activities, to accelerate our inventory turnover, which have proven effective since 2023.

As of October 31, 2025, we had used or sold approximately RMB4.9 billion, or 61.0% of our balance of inventories as of June 30, 2025. The level of utilization and sales of inventories subsequent to the Track Record Period and up to October 31, 2025 was consistent with our normal operating cycle and reflects the timing of customer orders and our product delivery schedules. We therefore do not consider there to be a material risk of inventory impairment, and consider our existing provisions for inventories are sufficient to cover any potential losses.

Trade and Other Receivables

The following table sets forth details of our trade and other receivable as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Trade receivables	2,501.9	4,031.5	3,963.9	4,449.9
Other receivables	88.1	44.6	57.8	86.8
Note receivable	23.4	25.4	24.4	76.0
Total	2,613.4	4,101.5	4,046.1	4,612.7

Our trade and other receivables increased by 14.0% from RMB4,046.1 million as of December 31, 2024 to RMB4,612.7 million as of June 30, 2025, primarily attributable to the growth in sales during the six months ended June 30, 2025. Our trade and other receivables remained relatively stable at RMB4,101.5 million as of December 31, 2023 and RMB4,046.1 million as of December 31, 2024. Our trade and other receivables increased by 56.9% from RMB2,613.4 million as of

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December 31, 2022 to RMB4,101.5 million as of December 31, 2023, primarily due to an increase in the sales of our products towards the end of 2023, as a result of (i) our efforts to reduce our inventory level to respond to the gradually recovered downstream demand and (ii) our continuous efforts in marketing and enriching our product offerings.

As of October 31, 2025, approximately RMB4.5 billion, or 94.3% of trade receivables as of June 30, 2025 had been settled.

The following is an aging analysis of our trade receivables based on invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Trade receivables				
Up to 1 year	2,498.1	3,981.0	3,909.8	4,392.7
Between 1 year and 2 years	0.5	47.1	29.0	23.5
Between 2 years and 3 years	3.1	0.4	22.7	31.2
Over 3 years	0.2	3.0	2.4	2.5
Total	2,501.9	4,031.5	3,963.9	4,449.9

During the Track Record Period, a majority of our trade receivables were outstanding for less than one year, which was largely in line with the credit period we granted.

The following table sets forth our trade receivables turnover days for the years/periods indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Trade receivables turnover days⁽¹⁾	49.0	56.8	56.8	54.6

Notes:

(1) Calculated as the average of beginning and ending balance of trade receivables for the period divided by revenue for that period and multiplied by 365 days or 181 days, as applicable

Our trade receivables turnover days increased from 49.0 days in 2022 to 56.8 days in 2023, and remained generally the same at 56.8 days in 2024 and 54.6 days in the six months ended June 30, 2025, which generally aligned with the result from the credit term of 15-120 days we typically provide to our direct sales customers and 30-45 days to our distributors, and reflected our normal operation variance.

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Prepayments

Our prepayments mainly consist of the prepayments for long-term assets and goods or services for the course of our business. The following table sets forth details of our prepayments as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Non-current:				
Prepayments for long-term assets	596.9	133.4	91.2	231.1
Prepayments for goods or services	130.5	87.0	4.8	2.3
Prepayments for business combination	51.0	—	—	20.0
Prepayments for transaction with non-controlling interest	—	—	—	6.0
	778.4	220.4	96.0	259.4
Current:				
Prepayments for goods or services	252.2	276.2	325.0	267.3
Total	1,030.6	496.6	421.0	526.7

Our prepayments, current increased from RMB252.2 million as of December 31, 2022 to RMB276.2 million as of December 31, 2023, and then further to RMB325.0 million as of December 31, 2024, which was primarily due to the re-classification of our prepayments for goods or services from the non-current portion to the current portion as the delivery or performance date of the goods or services approached. Our prepayments, current decreased from RMB325.0 million as of December 31, 2024 to RMB267.3 million as of June 30, 2025, mainly due to a higher portion of our prepayments being utilized for production.

Our prepayments, non-current increased from RMB96.0 million as of December 31, 2024 to RMB259.4 million as of June 30, 2025, primarily representing (i) the equipment prepayment for construction of packaging and testing facilities, and (ii) the deposit for an acquisition of a circuit design company specializing in microcontroller products. Our prepayments, non-current decreased from RMB220.4 million as of December 31, 2023 to RMB96.0 million as of December 31, 2024, which was primarily due to the re-classification of our prepayments for goods or services from the non-current portion to the current portion as the delivery or performance date of the goods or services approached. Our prepayment, non-current decreased from RMB778.4 million as of December 31, 2022 to RMB220.4 million as of December 31, 2023, primarily because the prepaid long-term assets were delivered and recognized under either property, plant and equipment or assets under construction in 2023.

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Financial Assets at Fair Value Through Other Comprehensive Income

Our financial assets at FVOCI mainly represent our investments in the listed securities and private companies, and the bank acceptance bill we hold. The following table sets forth details of our financial assets at FVOCI as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
		(in millions)		
Non-current:				
Listed securities	1,696.1	1,556.7	1,642.1	1,666.2
Private companies	7.2	7.8	6.6	6.6
	1,703.3	1,564.5	1,648.7	1,672.8
Current:				
Bank acceptance bill	162.8	162.7	116.4	104.2
Total	1,866.1	1,727.2	1,765.1	1,777.0

In the ordinary course of business, we make strategic investments, including in securities of public companies and private equity investment funds, to diversify our investment portfolio. We continually review our investments to determine whether there is a decline in fair value below the carrying value. The primary factors we consider in our determination are the duration and severity of the decline in fair value, financial and business performance, cash position and, recent financing rounds. Fair value of the listed securities is subject to volatility and may be materially affected by market fluctuations. Private equity funds pursue various investment strategies, including event driven and multi-strategy. Investments in private equity funds generally are not redeemable due to the closed-ended nature of these funds.

Our financial assets at FVOCI, current remained relatively stable at RMB162.8 million as of December 31, 2022 and RMB162.7 million as of December 31, 2023, decreased to RMB116.4 million as of December 31, 2024 and further to RMB104.2 million as of June 30, 2025, primarily due to the settlement of bank acceptance bills.

Our financial assets at FVOCI, non-current remain relatively stable at RMB1,672.8 million as of June 30, 2025 and RMB1,648.7 million as of December 31, 2024. Our financial assets at FVOCI, non-current increased from RMB1,564.5 million as of December 31, 2023 to RMB1,648.7 million as of December 31, 2024, and decreased from RMB1,703.3 million as of December 31, 2022 to RMB1,564.5 million as of December 31, 2023, primarily due to the change of fair value of our investments in the listed securities.

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Financial Assets at Fair Value Through Profit or Loss

Our financial assets at FVPL mainly represent our investments in equity instruments. The following table sets forth details of our financial assets at FVPL as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Non-current:				
Investment funds	2,037.1	2,607.6	2,698.2	2,861.7
Private companies	449.9	489.4	644.4	645.7
Listed securities	466.6	289.5	4.2	57.6
Convertible bonds	10.7	11.3	—	—
	<u>2,964.3</u>	<u>3,397.8</u>	<u>3,346.8</u>	<u>3,565.0</u>
Current:				
Structured deposits	—	120.5	—	—
Investment funds	14.0	12.3	—	—
	<u>14.0</u>	<u>132.8</u>	<u>—</u>	<u>—</u>
Total	<u>2,978.3</u>	<u>3,530.6</u>	<u>3,346.8</u>	<u>3,565.0</u>

Our financial assets at FVPL, current increased from RMB14.0 million as of December 31, 2022 to RMB132.8 million as of December 31, 2023, and then decreased from RMB132.8 million as of December 31, 2023 to nil as of December 31, 2024, primarily because we acquired structured deposits of RMB120.5 million in 2023 and disposed them in 2024. Our financial assets at FVPL, current remained nil as of June 30, 2025.

Our financial assets at FVPL, non-current increased from RMB3.3 billion as of December 31, 2024 to RMB3.6 billion as of June 30, 2025, mainly due to new investments in funds. Our financial assets at FVPL, non-current decreased from RMB3.4 billion as of December 31, 2023 to RMB3.3 billion as of December 31, 2024, largely due to a decrease in listed securities as a result of disposals, partially offset by an increase in investments in private companies. Our financial assets at FVPL, non-current increased from RMB3.0 billion as of December 31, 2022 to RMB3.4 billion as of December 31, 2023, primarily due to an increase in investments in semiconductor funds, partially offset by disposal of listed securities.

To monitor and control the investment risks in our financial assets at fair value through profit or loss, we have adopted a structured internal review mechanism to manage our investment and the Board or personnel designated by the Board closely supervise our decision process. Routine investments in our ordinary course of business are reviewed by the general manager's office, which consists of Mr. Wang Song, our deputy general manager, Mr. Jia Yuan, our director and deputy general manager and certain other members of our management team. See "Directors and Senior Management" for a detailed description of Mr. Wang's and Mr. Jia's qualifications and credentials. Investments involving higher levels of risk are subject to the review of our venture capital department and require the approval of our chairman of the Board, Mr. Yu Renrong. More important strategic investments are considered and reviewed by the Strategy and Development Committee of our Board. If the Strategy and Development Committee views a potential investment is of particular significance to us, the investment proposal will be submitted to the Board for detailed review, and the Board will further

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submit it to the shareholders' meeting for approval in the event that the potential opportunity falls beyond the authority of the Board. Our investment strategy related to financial assets at fair value through profit or loss focuses on managing the financial risks by reasonably and conservatively matching the estimated return on assets to anticipated our operating cash needs, while generating desirable investment returns for the benefits of our shareholders. We make investment decisions related to our financial assets at fair value through profit or loss on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of the investment managers, our own working capital conditions, and the expected profit or potential loss of the investment. The Group will comply with Chapter 14 of the Rules when making such investments after the Listing.

Other Current Assets

Our other current assets mainly represent VAT to be deducted or verified and prepaid corporate income tax. The following table sets forth a breakdown of our other current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
VAT to be deducted or verified	93.5	125.7	163.5	160.7
Prepaid corporate income tax	26.3	6.1	8.8	5.8
Long-term receivables for disposal of long-term assets due within 1 year	2.1	2.4	2.8	2.9
Long-term receivables for disposal of subsidiaries due within 1 year	52.7	49.3	—	—
Issuance cost for GDR	13.9	—	—	21.9
Others	—	—	—	1.5
Total	188.5	183.5	175.1	192.8

Our other current assets remained relatively stable at RMB188.5 million as of December 31, 2022, RMB183.5 million as of December 31, 2023, RMB175.1 million as of December 31, 2024, and RMB192.8 million as of June 30, 2025 respectively.

Property, Plant and Equipment

Our property, plant and equipment mainly represent the machinery, buildings, land, property and land improvements, equipment and vehicles. The following table sets forth details of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Machinery	830.3	973.2	1,524.5	1,654.6
Buildings	911.0	1,310.3	1,295.9	1,355.8
Land	241.3	245.4	249.1	248.0
Property and land improvements	142.9	138.4	117.2	105.4
Equipment	62.0	55.3	54.5	59.6
Vehicles	2.4	1.8	1.6	1.4
Total	2,189.9	2,724.4	3,242.8	3,424.8

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Our property, plant and equipment remained relatively stable at RMB3.2 billion as of December 31, 2024 and RMB3.4 billion as of June 30, 2025. Our property, plant and equipment increased from RMB2.7 billion as of December 31, 2023 to RMB3.2 billion as of December 31, 2024, and increased from RMB2.2 billion as of December 31, 2022 to RMB2.7 billion as of December 31, 2023, primarily as a result of our acquisition and completion of the installation of the machinery for our business expansion which was generally in line with the growth of our revenue.

Assets under Construction

Our assets under construction mainly represents our assets under construction including the machinery, building, facilities, information systems, and decoration. The following table sets forth details of our assets under construction as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Machinery	324.0	747.9	268.2	393.7
Building	40.2	47.6	177.6	256.1
Facilities	121.0	101.6	87.2	11.5
Information systems	7.3	6.6	0.7	—
Decoration	0.6	0.1	0.1	0.1
Total	493.1	903.8	533.8	661.4

Our assets under construction increased from RMB533.8 million as of December 31, 2024 to RMB661.4 million as of June 30, 2025, primarily due to the continued construction of our new R&D center in China (Shanghai) Pilot Free Trade Zone Lin-gang Special Area and packaging and testing facilities. Our assets under construction decreased from RMB903.8 million as of December 31, 2023 to RMB533.8 million as of December 31, 2024, primarily because the installation of our machinery was mostly completed in 2024 for our operation. Our assets under construction increased from RMB493.1 million as of December 31, 2022 to RMB903.8 million as of December 31, 2023, primarily due to the construction of the new R&D center. See “Business—Our Strategies—Continued strong investment in R&D in key technologies to further enhance our innovation capabilities” for detailed construction plan of our new R&D center.

Right-of-use Assets

Our right-of-use assets mainly represent the land-use right, building, vehicle, and machinery. The following table sets forth details of our right-of-use assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Land-use right	364.9	377.3	369.0	362.1
Building	204.8	171.3	150.3	150.9
Vehicle	2.8	4.0	3.3	3.0
Machinery	1.1	0.8	0.3	0.3
Total	573.6	553.4	522.9	516.3

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Our right-of-use assets decreased from RMB522.9 million as of December 31, 2024 to RMB516.3 million as of June 30, 2025, decreased from RMB553.4 million as of December 31, 2023 to RMB522.9 million as of December 31, 2024, and decreased from RMB573.6 million as of December 31, 2022 to RMB553.4 million as of December 31, 2023, primarily due to the depreciation recorded over time.

Investment Properties

Our investment properties mainly represent the properties and building held for the purpose of capital appreciation and/or rental income. Our investment properties decreased from RMB241.7 million as of December 31, 2024 to RMB237.8 million as of June 30, 2025, decreased from RMB247.5 million as of December 31, 2023 to RMB241.7 million as of December 31, 2024, and decreased from RMB253.0 million as of December 31, 2022 to RMB247.5 million as of December 31, 2023, primarily as a result of the depreciation for the investment properties.

Intangible Assets

Our intangible assets primarily consist of internally generated technology, technology, trademark, software, and others. The following table sets forth details of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Internally generated technology	832.3	957.9	1,114.7	1,214.4
Technology	586.6	748.0	608.8	543.9
Trademark	190.9	185.5	94.2	70.0
Software	41.6	35.8	29.0	33.9
Others ⁽¹⁾	47.3	47.8	39.8	34.5
Total	1,698.7	1,975.0	1,886.5	1,896.7

Notes:

(1) Primarily including license, emission rights and distribution network.

Our intangible assets remained stable as RMB1.9 billion as of June 30, 2025 as compared to December 31, 2024. Our intangible assets decreased from RMB2.0 billion as of December 31, 2023 to RMB1.9 billion as of December 31, 2024, largely due to the amortization of our intangible assets. Our intangible assets increased from RMB1.7 billion as of December 31, 2022 to RMB2.0 billion as of December 31, 2023, primarily because we expanded our investments in technology development, and the capitalized development expenditure was transferred to intangible assets from the point when the product is ready for mass production.

Development Expenditure

Our development expenditure primarily consists of capitalized development expenditure over our advanced digital imaging solutions and display solutions. Our development expenditure increased from RMB1,063.5 million as of December 31, 2024 to RMB1,096.4 million as of June 30, 2025, increased from RMB1,044.6 million as of December 31, 2023 to RMB1,063.5 million as of December 31, 2024, and increased from RMB810.6 million as of December 31, 2022 to

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RMB1,044.6 million as of December 31, 2023, which were largely in line with the trend of our business and our increased investment in the research and development.

Development expenditure as intangible assets not ready for use is subject to impairment test on an annual basis according to International Accounting Standard 36 “Impairment of Assets”. We conducted periodic impairment review of each development project as of balance sheet date and assessed any projects that did not progress as expected for impairment, based on value-in-use calculations. Based on the results of the impairment assessments, the impairment loss of RMB23.0 million, RMB5.3 million, RMB63.7 million and RMB3.0 million on the development expenditure were recognized in the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025. The key assumption used in value-in-use calculations included revenue growth rate and discount rate, which were the same as that for the goodwill impairment tests.

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, development costs amounting to RMB683.8 million, RMB692.5 million, RMB623.2 million and RMB359.7 million were capitalized in development expenditure. Development expenditure amounting to RMB589.7 million, RMB467.5 million, RMB556.1 million and RMB319.2 million was transferred to internal generated technology as intangible assets and amortized from the point when the product is ready for mass production for the respective period.

Goodwill

Our goodwill primarily consists of goodwill allocated to our CGUs of advanced digital imaging solutions, display solutions and analog solutions. The following table sets forth details of our goodwill as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Advanced digital imaging solutions	2,325.7	2,325.7	2,325.7	2,325.7
Display solutions	843.7	853.8	625.3	622.7
Analog solutions	—	681.2	681.2	681.2
Total	3,169.4	3,860.7	3,632.2	3,629.6

Our goodwill remained at RMB3.6 billion as of June 30, 2025 as compared to December 31, 2024. Our goodwill decreased from RMB3.9 billion as of December 31, 2023 to RMB3.6 billion as of December 31, 2024, primarily due to the impairment losses of RMB237.5 million we recorded for our display solutions as the recovery of the display ICs market fell short of our expectation. Our goodwill increased from RMB3.2 billion as of December 31, 2022 to RMB3.9 billion as of December 31, 2023, primarily due to the goodwill recognized in our acquisition of the equity interests in Hunan Silicon in 2023.

Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units (“CGUs”) that are expected to benefit from the business combination in which the goodwill

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arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. See Note 2.9 to the Accountants' Report set out in Appendix I to this document for more details.

Impairment reviews on the goodwill has been conducted by us as of December 31, 2022, 2023 and 2024 according to IAS 36 "impairment of assets". For the purpose of impairment review, the recoverable amount of the CGUs is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by our management covering a five-year period. Key parameters used to determine value-in-use are: (i) revenue, derived from the average annual revenue growth over the five-year forecast period, based on past performance and our management's expectations of market development; (ii) terminal growth rate, being the weighted average growth used to extrapolate cash flows beyond the budget period; and (iii) pre-tax discount rates, reflecting segment-specific and country-specific risks.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	<u>Advanced digital imaging solution</u>	<u>Display solution</u>	<u>Analog solution</u>
December 31, 2022			
Revenue (% annual growth rate)	6.33%-12.74%	-22.10%-38.33%	Not applicable
Terminal growth rate (%)	0%	0%	Not applicable
Pre-tax discount rate (%)	14.17%	11.96%	Not applicable
December 31, 2023			
Revenue (% annual growth rate)	6.15%-18.42%	6.18%-24.56%	9.73%-42.41%
Terminal growth rate (%)	0%	0%	0%
Pre-tax discount rate (%)	14.12%	10.49%	11.87%
December 31, 2024			
Revenue (% annual growth rate)	3.76%-6.48%	6.93%-25.49%	12.89%-32.09%
Terminal growth rate (%)	0%	0%	0%
Pre-tax discount rate (%)	13.60%	10.44%	13.14%

For advanced digital imaging solutions, as of December 31, 2022, 2023 and 2024, the recoverable amount exceeded its carrying amount by approximately RMB3.8 billion, RMB6.3 billion and RMB8.1 billion, respectively. With regard to the assessment of value-in-use calculation, our management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For display solutions, as of December 31, 2022 and 2023, the recoverable amount exceeded its carrying amount by approximately RMB105.2 million and RMB61.0 million, respectively. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount shall still exceed its respective carrying amount by approximately RMB65.2 million and RMB31.0 million, respectively. If the pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB55.2 million and RMB21.0 million, respectively. In addition, as of December 31, 2024, an impairment loss of RMB237.5 million was recognized, as the carrying amount exceeded its recoverable amount. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount would have been approximately RMB30.0 million lower. If the

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pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount would have been approximately RMB40.0 million lower.

For analog solutions, as of December 31, 2023 and 2024, the recoverable amount exceeded its carrying amount by approximately RMB25.3 million and RMB33.1 million, respectively. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount shall still exceed its respective carrying amount by approximately RMB5.3 million and RMB12.1 million, respectively. If the pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB1.3 million and RMB10.1 million, respectively.

As of June 30, 2025, our management was not aware of any significant adverse changes on the respective CGU that indicated the carrying amount of CGUs to exceed its recoverable amount. As a result, no impairment assessment as of June 30, 2025 was performed.

Investments accounted by equity method

Our investments accounted by equity method mainly represent the investments in our associate companies. Our long-term equity investments decreased from RMB464.0 million as of December 31, 2024 to RMB458.5 million as of June 30, 2025, decreased from RMB518.4 million as of December 31, 2023 to RMB464.0 million as of December 31, 2024, and decreased from RMB534.1 million as of December 31, 2022 to RMB518.4 million as of December 31, 2023, primarily as a result of our investment losses recognized under the equity method.

Other Non-current Assets

Our other non-current assets primarily consist of deposits and long-term receivables for disposal of long-term assets. The following table sets forth details of our other non-current assets as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Deposits	41.6	24.2	65.6	56.8
Long-term receivables for disposal of long-term assets	8.5	6.0	3.2	9.9
Others	23.3	32.2	12.0	8.4
Total	73.4	62.4	80.8	75.1

Our other non-current assets remained relatively stable at RMB73.4 million as of December 31, 2022, RMB62.4 million as of December 31, 2023, RMB80.8 million as of December 31, 2024, and RMB75.1 million as of June 30, 2025, respectively.

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Trade and Other Payables

The following table sets forth details of our trade and other payables as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Payables for rebate	540.8	799.8	929.2	854.9
Accruals	36.5	48.9	74.2	65.7
Payables for long-term assets	37.3	45.0	60.7	130.5
Payables for other taxes	44.4	45.5	52.7	30.4
Payables for commission	20.2	19.1	21.3	24.7
Obligation for repurchase of restricted shares	426.5	168.1	—	—
Others	92.2	85.6	47.4	311.8
Other payables	1,197.9	1,212.0	1,185.5	1,418.0
Trade payables	1,127.6	1,663.1	1,935.4	2,704.5
Total	2,325.5	2,875.1	3,120.9	4,122.5

Our trade and other payable increased from RMB3.1 billion as of December 31, 2024 to RMB4.1 billion as of June 30, 2025, increased from RMB2.9 billion as of December 31, 2023 to RMB3.1 billion as of December 31, 2024, and increased from RMB2.3 billion as of December 31, 2022 to RMB2.9 billion as of December 31, 2023, which largely aligned with the trend of our cost of sales.

As of October 31, 2025, approximately RMB2.7 billion, or 98.8% of our trade payables as of June 30, 2025 had been settled.

Our non-trade payables to related parties remained at RMB2.5 million as of December 31, 2022, 2023 and 2024, and decreased to RMB1.2 million as of June 30, 2025. For details, see Note 34 and Note 51 to the Accountants' Report set out in Appendix I to this document.

The following is an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Trade Payables				
Up to 1 year	1,122.8	1,658.7	1,932.6	2,701.6
Between 1 year and 2 years	3.1	3.7	0.4	0.5
Between 2 years and 3 years	1.7	—	2.4	—
Over 3 years	—	0.7	—	2.4
Total	1,127.6	1,663.1	1,935.4	2,704.5

During the Track Record Period, over 99% of our trade payables were outstanding for less than one year, which was largely in line with the credit period granted by supplier to us.

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The following table sets forth our trade payables turnover days for the periods indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Trade payables turnover days ⁽¹⁾	44.2	30.3	35.6	42.8

Notes:

(1) Calculated as the average of beginning and ending balance of trade payables for the period divided by cost of sales for that period and multiplied by 365 days or 181 days, as applicable

Our trade payables turnover days were 44.2 days, 30.3 days, 35.6 days and 42.8 days in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, which were generally within our normal variance and aligned with payment terms our suppliers and us agreed upon.

Contract Liabilities

Our contract liabilities represent the liabilities recognized when the measure of the remaining performance obligations of a contract exceeds the measure of the remaining rights, primarily consisting of advances on sales and services. The following table sets forth details of our contract liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Sales of goods	29.4	37.1	52.5	33.7
Technical service	96.0	149.7	173.2	170.8
Total	125.4	186.8	225.7	204.5

Our contract liabilities decreased from RMB225.7 million as of December 31, 2024 to RMB204.5 million as of June 30, 2025, mainly due to the fulfillment of our performance obligations owed to semiconductor design and sales customers during the period. Our contract liabilities increased from RMB186.8 million as of December 31, 2023 to RMB225.7 million as of December 31, 2024, and increased from RMB125.4 million as of December 31, 2022 to RMB186.8 million as of December 31, 2023, primarily due to our increased revenue.

As of October 31, 2025, approximately RMB62.8 million, or 30.7% of our contract liabilities as of June 30, 2025 were subsequently recognized as revenue.

Current Tax Liabilities

Our current tax liabilities consist of payables for corporate income tax. Our current tax liabilities increased from RMB176.4 million as of December 31, 2024 to RMB218.5 million as of June 30, 2025, slightly decreased from RMB183.5 million as of December 31, 2023 to RMB176.4 million as of December 31, 2024, and increased from RMB100.9 million as of December 31, 2022 to RMB183.5 million as of December 31, 2023, which was generally in line with the changes in our taxable income.

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Employee Benefit Obligations

Our employee benefit obligations primarily consist of employee compensation and benefits. The following table sets forth details of our employee benefit obligations as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Salaries, allowances and benefits	248.6	248.4	316.9	271.4
Post-employment benefits	7.9	8.2	8.9	9.3
Termination benefits	7.0	7.2	6.5	6.0
Total	263.5	263.8	332.3	286.7

Our employee benefit obligations remained relatively stable at RMB263.5 million as of December 31, 2022 and RMB263.8 million as of December 31, 2023. Our employee benefit obligations increased from RMB263.8 million as of December 31, 2023 to RMB332.3 million as of December 31, 2024, which was primarily due to the increase in our employee headcount in 2024. Our employee benefit obligations decreased from RMB332.3 million as of December 31, 2024 to RMB286.7 million as of June 30, 2025, mainly due to our contribution to certain seasonal employment benefits, including year-end bonuses.

Other Current Liabilities

Our other current liabilities primarily consist of long-term payables due within one year. The following table sets forth details of our other current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Long-term payables due within one year	18.5	17.5	3.9	4.0
Others	5.6	5.3	1.9	6.1
Total	24.1	22.8	5.8	10.1

Our other current liabilities increased from RMB5.8 million as of December 31, 2024 to RMB10.1 million as of June 30, 2025, mainly representing routine obligations arising in the normal course of operations. Our other current liabilities decreased from RMB22.8 million as of December 31, 2023 to RMB5.8 million as of December 31, 2024, and decreased from RMB24.1 million as of December 31, 2022 to RMB22.8 million as of December 31, 2023, primarily because of the settlement of our long-term payables due within one year.

FINANCIAL INFORMATION

Provision

Our provision mainly consists of uncertain taxes incurred for our certain transfer pricing arrangements and onerous contracts. The following table sets forth details of our provision as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Uncertain taxes	957.4	923.2	416.8	451.8
Onerous contracts	54.1	20.4	16.5	8.3
Total	1,011.5	943.6	433.3	460.1

Our provision slightly increased from RMB433.3 million as of December 31, 2024 to RMB460.1 million as of June 30, 2025 in recognition of the uncertainty of tax benefits we claimed related to the amortization of intellectual properties transferred within our Group, arising from a recent development in law that might affect the interpretation and application of relevant tax regulations. Our provision decreased from RMB943.6 million as of December 31, 2023 to RMB433.3 million as of December 31, 2024, and decreased from RMB1,011.5 million as of December 31, 2022 to RMB943.6 million as of December 31, 2023, primarily due to the reversal of uncertain taxes as the relevant limitation period expired in 2024. We reverse income tax reserves and recognize tax benefits associated with our uncertain tax positions. The reserves established for uncertain tax positions were reversed in 2024 when the statute of limitations for prior years expired in 2024. These reversals were recorded as a reduction to our 2024 provision for income taxes.

We claimed certain tax benefits related to US federal and California research and development credits and entered into some transfer pricing arrangements, such as intercompany loans and allocation of general and administrative expenses, foreign permanent establishments, the transfer of interest in certain intellectual properties, etc. For details, please refer to Note 32 of the Accountants' Report in Appendix I to this document.

Financial Liabilities at Fair Value Through Profit or Loss

Our financial liabilities at FVPL primarily consist of payables from the equity acquisition of Hunan Silicon in February 2023 for a consideration of not more than RMB1.2 billion (comprising a fixed consideration of RMB900.0 million and a contingent consideration of up to RMB300.0 million). We acquired 100% of the equity interest in Hunan Silicon, which specializes in mixed-signal IC designs, to enhance our technological capabilities of our analog solutions and synergies across our business lines. The contingent consideration was determined based on the comprehensive achievements of a series of business indicators of the target in the next three years, including development progress, product performance, and stability of the core team. As of December 31, 2022, 2023, 2024 and June 30, 2025, the total amount of financial liabilities at FVPL were nil, RMB271.5 million, RMB187.8 million and RMB191.4 million, respectively. The decrease in 2024 was due to the payment for part of the liabilities in accordance with the contract.

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Other Non-current Liabilities

Our other non-current liabilities mainly consist of government grants and long-term payables. The following table sets forth details of our other non-current liabilities as of the dates indicated:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
	(in millions)			
Government grants	23.7	25.3	22.1	41.1
Long-term payables	16.7	—	—	—
Total	40.4	25.3	22.1	41.1

Our non-current liabilities increased from RMB22.1 million as of December 31, 2024 to RMB41.1 million as of June 30, 2025, and decreased from RMB25.3 million as of December 31, 2023 to RMB22.1 million as of December 31, 2024, which was in accordance with the terms of the government grants to us. Our non-current liabilities decreased from RMB40.4 million as of December 31, 2022 to RMB25.3 million as of December 31, 2023, primarily because we settled the outstanding balances of the long-term payables.

KEY FINANCIAL RATIOS

	As of December 31,			As of June 30,
	2022	2023	2024	2025
Net profit margin	4.7%	2.6%	12.8%	14.5%
ROE ⁽¹⁾	5.7%	2.8%	14.5%	8.0%
Inventory turnover days ⁽²⁾	252.1	202.9	131.2	137.4
Trade receivables turnover days ⁽³⁾	49.0	56.8	56.8	54.6
Gearing ratio ⁽⁴⁾	48.7%	9.0%	Not applicable	Not applicable

Notes:

- (1) ROE is calculated by dividing profit for the period attributable to the owners of our Company by the average balance of equity attributable to owners of our Company.
- (2) Inventory turnover days is calculated as the average of beginning and ending balance of inventories for the period divided by cost of sales for that period and multiplied by 365 days or 181 days, as applicable.
- (3) Trade receivables turnover days is calculated as the average of beginning and ending balance of trade receivables for the period divided by revenue for that period and multiplied by 365 days or 181 days, as applicable.
- (4) Gearing ratio is calculated by dividing net debt by equity attributable to owners of our Company. Net debt equals the sum of borrowings, Convertible Bonds and lease liabilities, deducted by the amount of cash and cash equivalents. As of December 31, 2024 and June 30, 2025, there was no net debt balance.

Our net profit and net profit margin declined from 2022 to 2023, mainly due to the intense market competition and subdued economic conditions. From 2023 to 2024, both our net profit and net profit margin rebounded strongly, primarily driven by the rapid growth in revenue as a result of the recovery in demand of the consumer electronics market, the continuing adoption by flagship smartphones, and the accelerated trend of smart transformation in automotive market, which outpaced the increase in our cost of sales and expenses. Our net profit margin further increased in the six months ended June 30, 2025, supported by the growth in both semiconductor design and sales and semiconductor distribution business lines and our continuous cost management efforts.

Our gearing ratio as of December 31, 2023 significantly decreased as compared to December 31, 2022, reflecting the substantial improvement of our cash flow and repayment of borrowings in 2023. As of December 31, 2024 and June 30, 2025, we were no longer in a net debt position.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

During the Track Record Period and up to the Latest Practicable Date, we have funded our working capital primarily from cash generated from our business operation, and to a lesser extent, external financing. We do not anticipate any material changes to the availability of financing to fund our operations in the future.

Our Directors are of the view that, taking into account the financial resources available to us, including cash and cash equivalents, cash flows from operating activities and net proceeds from the Global Offering, we have sufficient working capital for at least 12 months from the date of this document.

Our cash and cash equivalents primarily consist of cash at bank, cash at hand, and others. We had cash and cash equivalents of RMB4.0 billion, RMB9.1 billion, RMB10.2 billion and RMB11.2 billion as of December 31, 2022, 2023, 2024 and the six months ended June 30, 2025, respectively.

The following table sets forth a summary of our cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB	RMB
				(Unaudited)	
			(in millions)		
Net cash (used in)/generated from operating activities	(2,359.3)	7,067.5	4,522.6	1,714.5	1,791.0
Net cash used in investing activities	(4,017.1)	(2,463.8)	(810.6)	(530.3)	(1,238.5)
Net cash generated from/(used in) financing activities	2,621.2	405.5	(2,757.5)	(2,552.3)	533.4
Net (decrease)/increase in cash and cash equivalents	(3,755.2)	5,009.2	954.5	(1,368.1)	1,085.9
Cash and cash equivalents at the beginning of the year/period	7,630.2	3,995.1	9,055.1	9,055.1	10,152.8
Exchange gains on cash and cash equivalents	120.1	50.8	143.2	61.2	(55.1)
Cash and cash equivalents at the end of the year/period	3,995.1	9,055.1	10,152.8	7,748.2	11,183.6

Net cash used in/generated from operating activities

Net cash generated from operating activities for the six months ended June 30, 2025 was RMB1.8 billion, which primarily was the result of profit before income tax of RMB2.2 billion, adjusted for (i) non-cash items such as depreciation and amortization of RMB636.5 million, impairment of RMB173.0 million and share-based payments of RMB107.6 million; (ii) effects of movement in working capital such as increase in inventory of RMB1.1 billion, increase in payables of RMB1.0 billion and increase in receivables of RMB0.9 billion; (iii) income tax paid of RMB265.0 million, and (iv) interest received of RMB195.8 million.

Net cash generated from operating activities for the year ended December 31, 2024 was RMB4.5 billion, which primarily was the result of profit before income tax of RMB3.3 billion,

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adjusted for (i) non-cash items such as depreciation and amortization of RMB1.3 billion, impairment of RMB659.0 million and share-based payments of RMB245.6 million; (ii) effects of movement in working capital such as increase in inventory of RMB873.5 million and increase in payables of RMB534.9 million; (iii) interest paid of RMB249.3 million; and (iv) income tax paid of RMB479.3 million.

Net cash generated from operating activities for the year ended December 31, 2023 was RMB7.1 billion, which primarily was the result of profit before income tax of RMB691.6 million, adjusted for (i) non-cash items such as depreciation and amortization of RMB1.2 billion, impairment of RMB460.0 million and finance costs of RMB438.1 million; (ii) effects of movement in working capital such as decrease in inventory of RMB5.9 billion and decrease in payables of RMB634.2 million; (iii) interest paid of RMB469.2 million; and (iv) income tax paid of RMB155.1 million.

Net cash used in operating activities for the year ended December 31, 2022 was RMB2.4 billion, which primarily was the result of profit before income tax of RMB1.3 billion, adjusted for (i) non-cash items such as impairment of RMB1.4 billion, depreciation and amortization of RMB1.0 billion and net gain on subsidiaries and associates of RMB956.7 million; (ii) effects of movement in working capital such as increase in inventory of RMB4.3 billion and decrease in payables of RMB663.6 million; (iii) interest paid of RMB366.0 million; and (iv) income tax paid of RMB371.6 million.

We recorded RMB2.4 billion of net cash used in operating activities for the year ended December 31, 2022, primarily because of our declined revenue due to the weak market demand and price decrease in consumer electronics and semiconductor industries during the downturn phase in 2022, while the inventory and procurement remain at the same level. Starting from the second half of 2023, the market demand gradually recovers, and our cash flows rebounded robustly. We recorded a positive operating cash flow in 2023, 2024 and the six months ended June 30, 2025. The change from operating cash outflow in 2022 to operating cash inflow in 2023, 2024 and the six months ended June 30, 2025 was primarily due to (i) an increase in our revenue in line with our continuous efforts to enhance marketing and enrich our product offerings; (ii) our adoption of measures to effectively control cost and operating expenses, in particular the general and administrative expenses; and (iii) our enhanced working capital management efficiency.

Net cash used in investing activities

Net cash used in investing activities for the six months ended June 30, 2025 was RMB1.2 billion, primarily due to (i) cash payments for property, plant and equipment of RMB699.6 million, (ii) cash payments for financial assets of RMB427.1 million and (iii) cash payments of development expenditure of RMB359.7 million, partially offset by (iv) cash received from sale of financial assets of RMB262.2 million.

Net cash used in investing activities for the year ended December 31, 2024 was RMB810.6 million, primarily due to (i) cash payments for property, plant and equipment of RMB579.4 million, (ii) cash payment of development costs of RMB623.2 million, and (iii) cash payments for financial assets of RMB208.8 million, partially offset by (iv) cash received from sale of financial assets of RMB601.3 million and (v) cash received from sale of associates of RMB64.8 million.

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Net cash used in investing activities for the year ended December 31, 2023 was RMB2.5 billion, primarily due to (i) cash payments for acquiring subsidiaries of RMB1.3 billion, (ii) cash payments for financial assets of RMB846.4 million, (iii) cash payments of development costs of RMB691.9 million, and (iv) cash payments for property, plant and equipment of RMB277.4 million, partially offset by (v) cash received from sale of financial assets of RMB677.7 million, and (vi) cash received from sale of associates of RMB30.0 million.

Net cash used in investing activities for the year ended December 31, 2022 was RMB4.0 billion, primarily due to (i) cash payments for financial assets of RMB2.7 billion, (ii) cash payments for property, plant and equipment of RMB1.3 billion, and (iii) cash payments of development costs of RMB682.9 million, partially offset by (iv) cash received from sale of financial assets of RMB960.2 million, and (v) cash received from sale of subsidiaries of RMB152.0 million.

Net cash generated from/(used in) financing activities

Net cash generated from financing activities for the six months ended June 30, 2025 was RMB533.4 million, primarily due to (i) proceeds from borrowings of RMB2.4 billion, partially offset by (ii) cash repayment of borrowings of RMB2.0 billion.

Net cash used in financing activities for the year ended December 31, 2024 was RMB2.8 billion, primarily due to (i) cash repayments of borrowings of RMB6.6 billion, and (ii) cash payments for acquisition of shares and buy-back transaction cost of RMB1.0 billion, partially offset by (iii) proceeds from borrowings of RMB5.3 billion.

Net cash generated from financing activities for the year ended December 31, 2023 was RMB405.5 million, primarily due to (i) proceeds from borrowings of RMB6.1 billion, and (ii) net proceeds from issues of shares of RMB3.4 billion, partially offset by (iii) cash repayments of borrowings of RMB8.1 billion.

Net cash generated from financing activities for the year ended December 31, 2022 was RMB2.6 billion, primarily due to (i) proceeds from borrowings of RMB7.5 billion, partially offset by (ii) cash repayments of borrowings of RMB4.2 billion and (iii) cash dividend paid to owners of the Company of RMB456.1 million.

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INDEBTEDNESS

The table below sets forth the indebtedness of our company as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB	RMB	RMB	RMB	RMB
	(in millions)				(unaudited)
<i>Current</i>					
Borrowings, current	7,467.6	5,374.0	3,569.1	5,005.4	5,531.8
Convertible Bonds, current	—	—	—	21.9	36.5
Lease liabilities, current	66.2	63.7	66.2	66.9	60.4
	<u>7,533.8</u>	<u>5,437.7</u>	<u>3,635.3</u>	<u>5,094.2</u>	<u>5,628.7</u>
<i>Non-current</i>					
Borrowings, non-current	2,749.8	2,977.4	3,472.0	2,434.7	2,123.5
Convertible Bonds, non-current	2,346.8	2,443.9	2,523.9	2,513.7	2,539.6
Lease liabilities, non-current	145.3	122.1	96.9	101.5	106.8
	<u>5,241.9</u>	<u>5,543.4</u>	<u>6,092.8</u>	<u>5,049.9</u>	<u>4,769.9</u>
Total	<u>12,775.7</u>	<u>10,981.1</u>	<u>9,728.1</u>	<u>10,144.1</u>	<u>10,398.6</u>

As of the Latest Practicable Date, our Controlling Shareholders or their associates did not provide any loans to the Group or guarantee any loans of the Group. The guarantees provided by our Controlling Shareholders to certain borrowings were released in 2024.

As of the Latest Practicable Date, Shaoxing Weihao Management held Convertible Bonds with an outstanding principal amount of RMB2,319,000, which were convertible to 14,328 A Shares upon full conversion of the Convertible Bonds, assuming a conversion price of RMB161.84 as of the Latest Practicable Date. The Convertible Bonds are publicly listed and traded on the Shanghai Stock Exchange with terms set by market processes and identical for all investors, including Shaoxing Weihao Management who participates solely as an arm's length security holder. As standardized, publicly traded securities with an embedded equity conversion option, the Convertible Bonds represent a market-based financing decision of our Company. Their structure and the absence of any special rights or bilateral loan agreements distinguish them fundamentally from a shareholder's loan. See "Relationship with Our Controlling Shareholders—Independence from Our Controlling Shareholders—Financial Independence."

Borrowings

Other than our operating cash flow, we also finance our working capital with borrowings. As of October 31, 2025, the latest date for determining our indebtedness, the aggregate balance of our borrowings was RMB7.7 billion.

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The following table sets forth the breakdown of our borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB	RMB	RMB	RMB	RMB
	(in millions)				
Borrowings, current	7,467.6	5,374.0	3,569.1	5,005.4	5,531.8
Borrowings, non-current	2,749.8	2,977.4	3,472.0	2,434.7	2,123.5
Total	10,217.4	8,351.4	7,041.1	7,440.1	7,655.3

During the Track Record Period, our borrowings bore effective interest rates in the range of 2.38% to 5.50% per annum. The majority of our bank borrowings were unsecured as of June 30, 2025. Additionally, we maintain facilities with a number of commercial banks in support of our operations. As of October 31, 2025, we had bank facilities of approximately RMB15.9 billion, of which RMB8.4 billion remained unutilized.

Borrowings, Non-current

Our borrowings, non-current primarily consist of unsecured and secured bank borrowings. The following table sets forth details of our borrowings, non-current as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB	RMB	RMB	RMB	RMB
	(in millions)				
Unsecured bank borrowings	2,048.0	2,217.6	3,249.2	2,434.7	2,123.5
Secured bank borrowings	701.8	759.8	222.8	—	—
Total	2,749.8	2,977.4	3,472.0	2,434.7	2,123.5

Our borrowings, non-current increased from RMB2.7 billion as of December 31, 2022 to RMB3.0 billion as of December 31, 2023, and increased from RMB3.0 billion as of December 31, 2023 to RMB3.5 billion as of December 31, 2024. Our borrowings, non-current decreased from RMB3.5 billion as of December 31, 2024 to RMB2.4 billion as of June 30, 2025.

Our borrowings, non-current remained relatively stable at RMB2.4 billion as of June 30, 2025 and RMB2.1 billion as of October 31, 2025.

The changes in our borrowings, non-current were in line with the needs of our working capital management in the ordinary course of our business. Specifically, the increase in non-current bank borrowing from 2022 to 2023 and from 2023 to 2024 was primarily for the continued construction and renovation of our office buildings and R&D centers. The decrease in non-current bank borrowing from December 31, 2024 to June 30, 2025 was mainly due to reclassification of certain non-current borrowings that will mature in one year.

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Borrowings, Current

Our borrowings, current primarily consist of credit borrowings. The following table sets forth details of our borrowings, current as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB	RMB	RMB	RMB	RMB
					(unaudited)
					(in millions)
Unsecured bank borrowings	4,602.0	4,787.2	3,507.8	4,781.1	5,337.1
Discounting of acceptance bill	0.5	3.3	4.8	218.0	180.0
Interest accrual	29.2	10.8	7.0	6.3	14.7
Secured bank borrowings	2,835.9	572.7	49.5	—	—
Total	7,467.6	5,374.0	3,569.1	5,005.4	5,531.8

Our borrowings, current increased from RMB3.6 billion as of December 31, 2024 to RMB5.0 billion as of June 30, 2025, decreased from RMB5.4 billion as of December 31, 2023 to RMB3.6 billion as of December 31, 2024, and decreased from RMB7.5 billion as of December 31, 2022 to RMB5.4 billion as of December 31, 2023.

Our borrowings, current increased from RMB5.0 billion as of June 30, 2025 to RMB5.5 billion as of October 31, 2025.

The changes in our borrowings, current were in line with the needs of our working capital management in the ordinary course of our business. Specifically, the decrease in current bank borrowing from 2022 to 2023 and from 2023 to 2024 was primarily due to the repayment of existing current bank borrowings in the ordinary course of our business. The increase in current bank borrowing from December 31, 2024 to June 30, 2025 was mainly due to reclassification of certain non-current borrowings that will mature in one year.

Convertible Bonds

Our Convertible Bonds consist of convertible bonds issued on December 28, 2020. The Convertible Bonds have a maturity date of December 27, 2026 and carry varied interest rates from 0.20% in the first year to 2.00% in the sixth year. The effective interest rate of Convertible Bonds is 4.67%. Our Convertible Bonds amounted to RMB2.3 billion, RMB2.4 billion, RMB2.5 billion, RMB2.5 billion (including the current portion of RMB21.9 million) and RMB2.6 billion (including the current portion of RMB36.5 million) as of December 31, 2022, 2023 and 2024, and as of June 30, 2025 and October 31, 2025 respectively. The increase from 2022 to 2024 was primarily due to the accumulated interest for the Convertible Bonds. See “History and Corporate Structure” for more details on the Convertible Bonds and the potential dilutive effect upon conversion.

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Lease Liabilities

Our lease liabilities mainly represent the property and building, machine equipment, and motor vehicle. The following table sets forth the amounts of our lease liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	RMB	RMB	RMB	RMB	RMB
					(unaudited)
	(in millions)				
Non-current	145.3	122.1	96.9	101.5	106.8
Current	66.2	63.7	66.2	66.9	60.4
Total	211.5	185.8	163.1	168.4	167.2

Our lease liabilities, current decreased from RMB66.2 million as of December 31, 2022 to RMB63.7 million as of December 31, 2023, primarily due to our payments for the leased assets accordingly. Our lease liabilities, current increased from RMB63.7 million as of December 31, 2023 to RMB66.2 million as of December 31, 2024, and remained relatively stable at RMB66.9 million as of June 30, 2025 and decreased to RMB60.4 million as of October 31, 2025, primarily because of the re-classification of certain lease liabilities from the non-current portion to the current portion according to the contract term, partially offset by our lease payments.

Our lease liabilities, non-current decreased from RMB145.3 million as of December 31, 2022 to RMB122.1 million as of December 31, 2023, to RMB96.9 million as of December 31, 2024, primarily because of the combined effects of lease payments and re-classification from the non-current portion to the current portion in accordance with the contract term. Our lease liabilities, non-current increased from RMB96.9 million as of December 31, 2024 to RMB101.5 million as of June 30, 2025, and further to RMB106.8 million as of October 31, 2025.

Contingent Liabilities

As of June 30 2025, our contingent liabilities mainly relate to a lawsuit (Case No. 2:23-cv-00212) filed by Greenthread, LLC in the United States Eastern District Court of Texas against one of our subsidiary for infringement of six of its patents on May 10, 2023. The Company has responded vigorously to the complaint and has filed inter partes review (IPR) petitions with the U.S. Patent and Trademark Office (USPTO). As of the Latest Practicable Date, all the patent claims, being the portions of a patent that define certain of the inventor's exclusive rights, that the plaintiff alleges our subsidiary has infringed, have been held invalid. The district court proceedings were stayed pending resolution of the IPR process and remained stayed as of the Latest Practicable Date. Although the timeline for resolution is uncertain, given that the IPR process has held all the patent claims invalid, based on the latest status of the proceedings the Company believes it has strong defenses to the claims and continues to actively pursue all available avenues of non-infringement. Our management believes that the outcome of any of these existing legal proceedings, including the aforementioned cases, either individually or in the aggregate, will not have a material impact on our operating results, financial condition or cash flows. With respect to existing legal proceedings, our management has either determined that the existence of a material loss is not reasonably possible or that it is unable to estimate a reasonably possible loss or range of loss. Because the claims do not involve any specific demand for monetary damages, it would be impracticable for the Company's management to quantify the maximum potential exposure.

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Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining borrowings and debentures or default in payment of borrowings and debentures during the Track Record Period and up to the Latest Practicable Date.

Save as disclosed above, we did not have any bank loans and debentures, or any loan capital issued and outstanding or agreed to be issued, bank overdraft, borrowing or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of October 31, 2025, the latest date for determining our indebtedness. Our Directors confirm that there has not been any material change in our indebtedness since October 31, 2025, the latest date for determining our indebtedness, up to the date of this document.

CAPITAL COMMITMENTS

Our capital commitments are primarily related to the software royalties for our R&D activities and the acquisition of property, plant and equipment. The details of our capital commitments as of the dates indicated are set forth below:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB	RMB	RMB	RMB
			(in millions)	
Property, plant and equipment	78.3	66.5	1,063.8	1,163.7
Intangible assets	164.3	113.3	60.0	255.5
Total	242.6	179.8	1,123.8	1,419.2

The increase in capital commitments in property, plant and equipment as of June 30, 2025 compared with that as of December 31, 2024, and as of December 31, 2024 compared with that as of December 31, 2023, was primarily due to entry into a contract to build a R&D center in 2024.

CAPITAL EXPENDITURES

Our capital expenditures primarily comprise expenditures for the purchases of fixed assets, as well as the purchases of intangible assets and other long-term assets. In 2022, 2023, 2024 and the six months ended June 30, 2025, our capital expenditures amounted to RMB2.3 billion, RMB1.0 billion, RMB1.2 billion and RMB1.1 billion, respectively. Particularly in 2022, 2023, 2024 and the six months ended June 30, 2025, we paid RMB1.3 billion, RMB277.4 million, RMB579.4 million and RMB699.6 million, respectively, to expand our property, plant and equipment. Our anticipated capital expenditures are subject to changes from time to time, based on a variety of factors including our business strategy, prevailing market conditions, regulatory environment and the outlook of our results of operations.

We funded these expenditures primarily with our operating cash flow, and we expect to fund our capital expenditures with our operating cash flow and proceeds from the Global Offering.

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RELATED PARTY TRANSACTIONS

We entered into transactions with our related parties in the ordinary course of our business from time to time, including: (i) purchase and sale of goods; (ii) provision of services; (iii) leasing and (iv) sales of equipment. For further details on our related party transactions, see Note 51 to Accountants' Report set out in Appendix I to this document. These related party transactions were conducted on an arm's length basis and on normal commercial terms between the relevant parties. We are expected to continue entering into contracts for related party transactions of the foregoing nature as part of our ordinary business from time to time.

Our Directors believe that our transactions with related parties during the Track Record Period and up to the Latest Practicable Date were conducted in the ordinary course of business and on an arm's length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Our activities expose ourselves to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk, and price risk), credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. Risk management is carried out by our senior management. For details, see Note 3.1 of the Accountants' Report set out in Appendix I to this document.

Credit Risk

We are exposed to credit risk in relation to our cash and cash equivalents, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a group basis. All cash and cash equivalents were placed with state-owned banks and financial institutions in the PRC and reputable international banks and financial institutions in United States. For the other financial assets, we have policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which takes into account their financial position, past experience and available forward-looking information.

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In addition, we have policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the Track Record Period, we review the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts. We have no significant concentrations of credit risk.

Impairment of financial assets

Trade receivables

We applied the IFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2022, 2023, 2024 and June 30, 2025, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. We have identified the gross domestic products and the unemployment rate of the countries in which we sell our goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors

As of December 31 and June 30, the loss allowance that was collectively assessed for trade receivables was as follows:

	<u>Within 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>More than 3 years</u>	<u>Total</u>
	(RMB in millions)				
December 31, 2022					
- Expected loss rate	5.00%	73.83%	80.34%	99.76%	8.18%
- Gross carrying amount	2,629.7	2.0	15.6	77.5	2,724.8
- Loss allowance	131.5	1.5	12.5	77.4	222.9
December 31, 2023					
- Expected loss rate	5.02%	21.92%	79.71%	96.74%	7.26%
- Gross carrying amount	4,191.5	60.3	1.8	93.4	4,347.0
- Loss allowance	210.5	13.2	1.4	90.4	315.5
December 31, 2024					
- Expected loss rate	5.00%	20.43%	50.44%	97.06%	7.42%
- Gross carrying amount	4,115.6	36.4	45.7	84.1	4,281.8
- Loss allowance	205.8	7.4	23.1	81.5	317.8
June 30, 2025					
- Expected loss rate	5.00%	20.11%	50.28%	97.03%	7.28%
- Gross carrying amount	4,624.0	29.4	62.8	83.2	4,799.4
- Loss allowance	231.3	5.9	31.6	80.7	349.5

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with our Group, and a failure to make contractual payments for a period of greater than 1 year past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

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Other financial assets at amortized cost

For other financial assets at amortized cost include notes receivables, other receivables and long-term receivables, we make periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

We apply the general approach in calculating ECL, where we consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the Track Record Period. To assess whether there is a significant increase in credit risk, we compare the risk of a default occurring on the asset as at the year-end date of each year during the Track Record Period with the risk of default as at the date of initial recognition. In addition, we consider that there has been a significant increase in credit risk when contractual payments are more than three months past due.

If the credit risk of the asset is in line with original expectations, we categorize the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

As of December 31, 2022, 2023, 2024 and June 30, 2025, except for other receivables of RMB3 million, RMB3 million, nil and nil are classified as Stage 3, other financial assets at amortized cost are classified as Stage 1. There is no change in stage during the Track Record Period.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, we maintain flexibility in funding by maintaining adequate cash and cash equivalents.

Our management monitors rolling forecasts of our liquidity reserve and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in our operating companies, in accordance with practice and limits set by us. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, our liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring statements of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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The tables below analyze our financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	(RMB in millions)					
As of December 31, 2022						
Borrowings	7,685.2	2,713.0	85.3	—	10,483.5	10,217.4
Convertible bonds	14.6	36.5	2,769.0	—	2,820.1	2,346.8
Trade and other payables	2,157.4	168.1	—	—	2,325.5	2,325.5
Lease liabilities	71.4	54.6	80.9	22.2	229.1	211.5
Total	<u>9,928.6</u>	<u>2,972.2</u>	<u>2,935.2</u>	<u>22.2</u>	<u>15,858.2</u>	<u>15,101.2</u>
As of December 31, 2023						
Borrowings	5,541.6	2,269.5	733.0	77.1	8,621.2	8,351.4
Convertible bonds	36.5	43.8	2,724.9	—	2,805.2	2,443.9
Trade and other payables	2,875.1	—	—	—	2,875.1	2,875.1
Financial liabilities at FVPL	100.0	190.0	—	—	290.0	271.5
Lease liabilities	69.2	55.4	62.0	11.7	198.3	185.9
Total	<u>8,622.4</u>	<u>2,558.7</u>	<u>3,519.9</u>	<u>88.8</u>	<u>14,789.8</u>	<u>14,127.8</u>
As of December 31, 2024						
Borrowings	3,702.7	2,892.4	624.6	25.1	7,244.8	7,041.1
Convertible bonds	43.8	2,724.8	—	—	2,768.6	2,523.9
Trade and other payables	3,120.9	—	—	—	3,120.9	3,120.9
Financial liabilities at FVPL	100.0	95.0	—	—	195.0	187.8
Lease liabilities	72.5	46.4	54.3	5.3	178.5	163.1
Total	<u>7,039.9</u>	<u>5,758.6</u>	<u>678.9</u>	<u>30.4</u>	<u>13,507.8</u>	<u>13,036.8</u>
As of June 30, 2025						
Borrowings	5,129.0	2,128.1	340.0	—	7,597.1	7,440.0
Convertible bonds	43.8	2,675.7	—	—	2,719.5	2,535.6
Trade and other payables	4,122.5	—	—	—	4,122.5	4,122.5
Financial liabilities at FVPL	100.0	95.0	—	—	195.0	191.4
Lease liabilities	72.5	32.5	61.3	21.4	187.7	168.4
Total	<u>9,467.8</u>	<u>4,931.3</u>	<u>401.3</u>	<u>21.4</u>	<u>14,821.8</u>	<u>14,457.9</u>

Market Risk

Market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices, including foreign exchange risk, cash flow and fair value interest rate risk, and price risk.

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is RMB whereas functional currency of the subsidiaries is determined based on the primary economic environment in which they operate. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

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Notwithstanding that we operate mainly in the PRC, United States and Singapore with most of the transactions settled in RMB and USD, our management considers that our business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

Cash flow and fair value interest rate risk

Our income and operating cash flows are substantially independent from changes in market interest rates and we have no significant interest-bearing assets except for cash and cash equivalents and restricted cash, details of which have been disclosed in Note 28 of the Accountants' Report in Appendix I to this document, respectively.

Our exposure to changes in interest rates is more attributable to our borrowings, details of which have been disclosed in Note 29 of the Accountants' Report in Appendix I to this document. Borrowings carried at floating rates expose us to cash flow interest-rate risk whereas those carried at fixed rates expose the us to fair value interest-rate risk. As of December 31, 2022, 2023, 2024 and June 30, 2025, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, our pre-tax profit for the years/period ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025 would have been approximately RMB10.2 million, RMB0.6 million, RMB4.8 million and RMB6.8 million lower/higher, respectively.

Price risk

Our exposure to equity securities price risk arises from investments held by us and classified in the statements of financial position either as at FVOCI or at FVPL. To manage our price risk arising from investments in equity securities, we diversify our portfolio. Diversification of the portfolio is done in accordance with the limits set by the board.

The table below summarizes the impact of increases/decreases of the equity instruments held by us on the equity and post-tax profit during the Track Record Period. The analysis is based on the assumption that the price of the equity instruments held by us had increased or decreased by 20% with all other variables held constant, and that all of our equity instruments moved in line with the change. The table shows what would be the impact on post-tax profit relating to equity securities at FVPL and the impact on other components of equity relating to equity securities at FVOCI.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
(RMB in millions)				
Increase or decrease by 20%				
Impact on post-tax profit	506.3	600.2	542.3	579.3
Impact on other components of equity	289.6	266.0	278.8	282.9

DIVIDEND POLICY

We may distribute dividends in the form of cash, stocks or a combination of cash and stocks. Any proposed distribution of dividends is subject to the discretion of the Board and the approval of our shareholders. The Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, business prospects, operating requirements,

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capital requirements, payments by our subsidiaries of cash dividends to us, statutory, regulatory and contractual considerations and any other factors that the Board may deem relevant. A decision to declare or to pay any dividends in the future, and the amount of such dividends, will hence depend on these factors. According to the applicable PRC laws and our dividend policy we may pay dividends out of our profit after tax only after we have made the (i) recovery of accumulated losses, if any; (ii) allocations to the statutory reserve equivalent to 10% of our Company's profit after tax, and, when the statutory reserve reaches and is maintained at or above 50% of our Company's total issued share capital, no further allocations to this statutory reserve will be required; and (iii) allocations, if any, to a discretionary common reserve as approved by our shareholders in a shareholders' meeting.

Furthermore, according to our dividend policy, the accumulated profits distributed in cash for the most recent three years shall not be less than 30% of our Company's average annual distributable profits realized for the same three-year period. For each year that we record profits and positive accumulated undistributed profit, we shall distribute dividends in cash and such cash dividends distributed shall not be less than 10% of our Company's distributable profits realized for the same period, except the (i) occurrence of significant investments (excluding fundraising activities) where the investment amount for the relevant year exceeds 10% of our Company's audited net assets as of the end of the most recent financial year; or (ii) occurrence of significant capital expenditures where we intend to invest, acquire assets or purchase equipment within the next 12 months and the accumulated expenditure of which is expected to reach or exceed 10% of our Company's audited net assets as of the end of the most recent financial period.

There can be no assurance that a dividend will be proposed or declared in any given year. The information on policies relating to dividends constitutes forward-looking statements, which are not guarantees of future financial performance. Our actual future dividends or capital distributions could differ materially from those expressed or implied by such forward-looking statements as a result of many factors, including those described under "Forward-Looking Statements" and "Risk Factors."

During the Track Record Period, the total dividends we paid were RMB456.1 million in 2022, RMB99.1 million in 2023 and RMB407.6 million (including the 2024 interim dividend of RMB167.6 million) in 2024, respectively. We declared the 2024 post year end final dividend on June 10, 2025 and paid a total amount of RMB264.5 million on August 1, 2025 out of our distributable profits. We further declared the 2025 interim dividend on October 28, 2025 and paid a total amount of RMB482.2 million on November 24, 2025 out of our distributable profits.

Withholding taxes at a rate of 10% were levied on the aforementioned dividends paid to (i) QFIs, (ii) investors holding our A Shares through the Shanghai-Hong Kong Stock Connect regime, and (iii) investors holding our A Shares subject to selling restrictions pursuant to the Notice on Issues Relating to the Implementation of Differential Individual Income Tax Policies for Dividends from Listed Companies Issued by the MOF, the STA and the CSRC (《財政部、國家稅務總局、證監會關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》).

DISTRIBUTABLE RESERVES

As of June 30, 2025, we had approximately RMB13.6 billion of retained earnings available for distribution to our shareholders.

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LISTING EXPENSES

Assuming the Over-allotment Option is not exercised, the maximum Offer Price of HK\$104.80 per Offer Share and the full payment of the discretionary incentive fee, if any, we expect to incur approximately RMB96.7 million (equivalent to HK\$106.7 million) of listing expenses (including (i) underwriting-related expenses, including but not limited to commissions, fees, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee, amounting to approximately RMB52.2 million, (ii) fees and expenses of legal advisers and accountants amounting to approximately RMB23.9 million and (iii) other fees and expenses relating to the Global Offering, including but not limited to the listing application fees, amounting to approximately RMB20.6 million), accounting for approximately 2.2% of the gross proceeds from the Global Offering. Approximately RMB1.9 million of our listing expenses is expected to be charged to our consolidated statements of comprehensive income and approximately RMB94.9 million is expected to be deducted from equity upon Listing. During the Track Record Period, we incurred listing expenses of RMB21.9 million, all of which is directly attributable to the offering and listing of our Offer Shares and will be deducted from equity upon the Listing. The estimate of listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2025 and based on the audited consolidated net tangible assets of our Group attributable to the owners of our Company as of June 30, 2025 as derived from the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

The unaudited pro forma statement of adjusted consolidated net tangible assets 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 our Group had the Global Offering been completed as of June 30, 2025 or any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 RMB'000 (note 1)	Estimated net proceeds from the Global Offering RMB'000 (note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share RMB (note 3)	HK\$ (note 4)
Based on an Offer Price of HK\$104.80 per H Share	19,570,102	4,255,777	23,825,879	19.09	21.06

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company of RMB26,192,896,000 as at June 30, 2025 with an adjustment for intangible assets, development expenditure and goodwill of RMB1,896,724,000, RMB1,096,424,000 and RMB3,629,646,000, respectively, as at June 30, 2025.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$104.80, being the maximum offer price, after deduction of the estimated underwriting fees and other related listing expenditure payable by the Company (excluding the listing expense that have charged to profit or loss during the Track Record Period), taking into no account of shares which may be issued upon the exercise of options granted under the plan of share options, conversion of convertible bonds and the over-allotment option and upon the vesting of restricted shares that have been or may be granted from time to time and no under the plan of restricted shares.

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- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 per share is calculated based on a total of 1,247,836,286 shares (representing 1,217,170,649 shares in issue as of June 30, 2025, excluding 15,134,363 treasury shares as of June 30, 2025, adding 45,800,000 offer shares under the Global Offering), assuming that the Global Offering had been completed on June 30, 2025 but does not take into account of any shares which may be issued upon the exercise of options granted under the plan of share options, conversion of Convertible Bonds and the over-allotment and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares.
- (4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amounts in Hong Kong dollar are converted into RMB at the rate of RMB0.9068 to HK\$1. No representation is made that the RMB amounts have been, could have been to Hong Kong dollar, or vice versa, at that rate or any other rates at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 to reflect any trading results or other transactions of the Group entered into. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the dividend declared by the directors in October and paid in November 2025 of RMB482,193,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would have been HK\$20.63 per Share, base on the maximum offer price of HK\$104.80, assuming the dividend distribution were completed on June 30, 2025.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Unaudited Financial Information for the Nine Months Ended September 30, 2025

For a description of our unaudited financial information for the nine months ended September 30, 2025, please refer to “Summary—Recent Development and No Material Adverse Change—Unaudited Financial Information for the Nine Months Ended September 30, 2025.”

2025 Interim Profit Distribution Plan

Our 2025 Interim Profit Distribution Plan was reviewed and approved at the meeting of Board of Directors held on October 28, 2025, pursuant to authorization granted by our Shareholders at the 2024 Annual General Meeting held on June 10, 2025. A cash dividend of RMB4.00 (tax inclusive) per 10 Shares was paid to all Shareholders pursuant to the 2025 Interim Profit Distribution Plan.

No Material Adverse Change

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

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Hong Kong Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Strategies” in this document for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$4,693.2 million from the Global Offering, after deducting the underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering, assuming the maximum Offer Price of HK\$104.80 per H Share and that the Over-allotment Option is not exercised.

The table below summarizes the planned allocation by stage of the net proceeds from the Global Offering by nature. Investors should note that these plans are based on assumptions and are subject to uncertainties, including the risks described in the “Risk Factors” section of this Prospectus. As such, we cannot guarantee that our plans will proceed as scheduled or that our goals will be fully achieved.

	From 2026 to 2028	From 2029 to 2031	From 2032 to 2035	Total (HK\$ million)	Approximate % of the total
Investment in the research and development of key technologies	26%	30%	44%	3,285.2	70%
Global market penetration and business expansion	27%	30%	43%	469.3	10%
Strategic investments and/or acquisitions	100%	—	—	469.3	10%
Working capital and general corporate uses	100%	—	—	469.3	10%
Total	41%	24%	35%	4,693.2	100%

In line with our strategies, we intend to use our proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 70% of the net proceeds, or HK\$3,285.2 million, will be used over the next five to ten years to invest in the research and development of key technologies, ensuring our continued leading position in advanced sensing technology, advanced display technology and analog solutions. We plan to further enhance our R&D by investing in fundamental research to strengthen our intellectual property and technological advantages while expanding our product portfolio to drive market penetration. In particular:
- approximately 50% of the net proceeds, or HK\$2,346.6 million, will be used to recruit and retain R&D talents, including experienced semiconductor industry professionals and outstanding graduates in fields such as electronic engineering, microelectronics, materials engineering, algorithms, and software development, from across countries including China, Japan and South Korea. In addition, we will attract and retain top talent through comprehensive talent development programs and competitive incentive measures. We believe that our experienced R&D team is the foundation of our ability to continuously drive innovation in developing new technology solutions.

We expect to expand our R&D team with around 500 new hires, over the next four years. These new hires will include both mid- to senior-level semiconductor professionals with more than five years of experience, as well as high-potential graduates from top universities across the world. The expected average salary will be

FUTURE PLANS AND USE OF PROCEEDS

within the range between RMB800,000 and RMB1,000,000. The key research areas of the relevant R&D personnel include fundamental research in advanced sensing technologies, advanced display technologies, and analog technologies, as well as product development in areas such as vehicles and smartphones.

Leveraging these R&D talent hires, we intend to continuously execute R&D initiatives. For example, as part of our strategic focus on the automotive sector, we will continue to develop image sensors for full-scenario applications in autonomous driving and smart cockpits, while continuously expanding our portfolio of automotive analog and display driver products. As another example, we intend to continue to explore downstream application scenarios and provide solutions across a number of verticals. Owing to the scalability of our platform-based technologies and products, we will continue to launch more advanced image and vision sensing solutions for various smart terminals, including medical, smart glasses and robots, and actively expand into other emerging markets such as industrial automation, machine vision and Edge AI. In consumer electronics, we will advance our strategy and utilize our advanced technological advantages to fully penetrate the market, iterating enhanced image sensors designed for mainstream smartphone models and action cameras, featuring higher MP, larger-sized optical format, HDR shooting and more functions. Specifically, we plan to further elevate our core technologies ranging from pixel architecture to image capture, along with the CameraCubeChip[®] technology, continuously enhancing the competitive edge in pixel miniaturization and image resolution. Moreover, we will further expand our new machine vision division through targeted recruitment, focusing on creating innovative solutions for industrial automation, robotics, logistics barcode scanners, and intelligent transportation systems.

- approximately 8% of the net proceeds, or HK\$375.5 million, will be primarily used for the continued construction of our R&D center in Lingang, Shanghai, China. This construction plan involves infrastructure development and facility renovation. Our Lingang R&D center will increase the floor area of our R&D facilities by 101,764.17 square meters, featuring specialized laboratories and dedicated clean rooms with advanced equipment such as clean bench and microscope, which are highly controlled environments crucial for designing microchips and other electronic components. The high-resolution image capture and processing systems, analog IC testing platforms, and application-focused prototyping environments in our R&D center will facilitate our product design, testing and verification. These facilities will also enable the integration and validation of emerging intelligent technologies across our product portfolio. Once completed, the project will be able to accommodate a larger number of R&D personnel and advanced facilities, enhancing our capabilities in core product development. It will provide strong support for maintaining leading position in our proprietary core technologies and transforming these technologies into product portfolios that meet broad market demand.
- approximately 8% of the net proceeds, or HK\$375.5 million, will be used to cover wafer fabrication (tape-out) costs, purchase R&D materials such as photomasks and cover non-recurring engineering costs to support our product development.
- approximately 4% of the net proceeds, or HK\$187.7 million, will be used to purchase R&D software tools, to support our IC design capabilities. The R&D

FUTURE PLANS AND USE OF PROCEEDS

software tools we intend to purchase include electronic design automation tools and intellectual property software.

- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used over the next five to ten years to strengthen global market penetration and business expansion. We plan to deepen our presence in target markets, grow our customer base, and increase our market share across all of our participating verticals. We strategically prioritize China, Japan, South Korea for further penetration. We choose these markets after careful review of the local semiconductor ecosystems, customer base, mature consumer electronics sectors, and strong demand for advanced sensing, display and analog technologies in these markets. We plan to recruit and retain sales, marketing, and FAEs worldwide. We plan to hire experienced professionals with a global perspective and overseas experience to broaden our sales network coverage, improve sales and marketing efficiency, and strengthen our relationships with key customers. Additionally, we plan to recruit experienced FAEs to provide enhanced pre- and post-sales support to customers, helping them reduce R&D costs and improving overall customer satisfaction and loyalty. We will also carry out promotional activities in the regions where we are expanding. These initiatives will include overseas advertising campaigns and participation in influential industry exhibitions aimed at increasing our visibility and brand recognition in global markets. We believe these activities will help us establish broader connections with customers, showcase the competitive advantages of our products, and ultimately enhance our market penetration.
- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used for strategic investments and/or acquisitions, with a focus on investment and acquisition opportunities that offer synergies with our existing product portfolio, enhance our design capabilities, process technology and supply chain capabilities, and support horizontal expansion into emerging areas, such as action cameras and robots in China, Japan and South Korea. Through strategic investments and/or acquisitions, we aim to create strong synergies across technology, intellectual property, products and solutions, supply chain, customer base, and long-term growth opportunities. We select potential targets based on the following general criteria: (i) the target company should demonstrate strong business synergy or complementary value with our existing operations, and (ii) the target should also have a management team with deep industry knowledge and extensive experience in the semiconductor sector. Specifically, the ideal target should belong to specific sectors within our industry, such as companies within our supply chain, or startups that have (i) advanced technologies and R&D achievements that align with our strategic direction, with at least one independently developed core intellectual property; (ii) a stable core R&D and management team of at least five dedicated members, possessing in-depth industry knowledge and extensive experience in specific fields; (iii) at least one commercially viable R&D achievement, a stable or innovative business model, and a strong market reputation and; (iv) spent no less than RMB1.0 million on R&D in the most recent fiscal year. According to Frost & Sullivan, as of 2024, there are over 600 companies globally which meet our criteria, providing us with a large pool of available targets. As of the Latest Practicable Date, other than the proposed acquisition of Company X as disclosed in the Waivers and Exemptions section of this document, we had not identified any target of potential acquisition.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 10% of the net proceeds, or HK\$469.3 million, will be used for working capital and general corporate uses.

If we set the final Offer Price to be below the maximum Offer Price, we will reduce the allocation of the net proceeds to the above purposes on a pro rata basis.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be HK\$711.3 million (assuming the maximum Offer Price of HK\$104.80 per H Share).

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, we may adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

We will only place the net proceeds of the Global Offering that are not immediately required for the above purposes in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions as defined under the SFO or applicable laws and regulations in other jurisdictions so long as it is deemed to be in the best interests of our Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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HONG KONG UNDERWRITERS

UBS AG Hong Kong Branch

China International Capital Corporation Hong Kong Securities Limited

Ping An Securities (Hong Kong) Company Limited

GF Securities (Hong Kong) Brokerage Limited

Haitong International Securities Company Limited

CLSA Limited

TradeMaster Securities (Hong Kong) Limited

UNDERWRITING

This document is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 4,580,000 Hong Kong Offer Shares and the International Offering of initially 41,220,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed “Structure of the Global Offering” in this document as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 4,580,000 Hong Kong Offer Shares (subject to reallocation) for subscription by way of the Hong Kong Public Offering on and subject to the terms and conditions of this document and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares 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 (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to apply or procure applications, on the terms and conditions of this document, for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may in their absolute discretion and upon giving notice in writing to our Company, terminate the

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Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

- (1) there develops, occurs, exists or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), the Switzerland, Japan, Singapore, or other jurisdictions relevant to our Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar, Swiss Franc or Renminbi against any foreign currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
 - (iii) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed), in or affecting any of the Relevant Jurisdictions; or
 - (iv) The imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the SIX Swiss Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of the Company listed or quoted on a stock exchange or an over-the-counter market; or
 - (v) The imposition or declaration of any general moratorium on banking activities in or affecting the PRC (imposed by the People’s Bank of China), Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other

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competent authority), New York (imposed at the U.S. Federal or New York State level or by any other Authority), London, the European Union (or any member thereof) or any of the other Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

- (vi) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (vii) the commencement by any authority or other regulatory or political body or organization of any public action or investigation against a Group company or a director or a senior management member of the Company the as named in this prospectus or announcing an intention to take any such action; or
- (viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on or relevant to any Group company or any of the Controlling Shareholders by 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
- (ix) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (x) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC Filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xi) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Controlling Shareholder or any Director or senior management members as named in this prospectus; or
- (xii) any contravention by any Group Company or any Director of the Listing Rules or applicable laws; or
- (xiii) any non-executive Director or independent non-executive Director vacates his or her office, or being charged with an indicatable offense or is prohibited by operation of law or otherwise disqualified from taking directorship of a company; or
- (xiv) any change or prospective change, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (a) has or will or may have a material adverse effect as defined in the Hong Kong Underwriting Agreement;

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- (b) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
 - (c) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of 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
 - (d) 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
- (2) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):
 - (i) 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) 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 material respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering document (as defined in the Hong Kong Underwriting Agreement); or
 - (iii) any material 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 in Hong Kong Underwriting Agreement or International Underwriting Agreement (including any supplement or amendment thereto, as applicable); or
 - (iv) any event, act or omission which gives rise or is likely to give rise to any liability of the Company pursuant to the indemnities in Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto, as applicable); or
 - (v) any breach of any of the obligations or undertakings imposed upon the Company or any member of the Controlling Shareholders or any cornerstone investor to Hong Kong Underwriting Agreement or the International Underwriting Agreement or the Cornerstone Investment Agreements; or

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- (vi) there is any change or development involving a prospective change, constituting or having a material adverse effect as defined in the Hong Kong Underwriting Agreement; or
- (vii) that the chairman of the Board, any Director or any member of senior management of the Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
- (viii) any Director or any member of senior management of the Company named in this 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
- (ix) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (x) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (xi) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (xii) any prohibition on the Company, for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (xiii) any person (other than the Joint Sponsors and the Overall Coordinators) has withdrawn or sought to withdraw its consent to being named in any of the offering documents (as defined in the Hong Kong Underwriting Agreement) or to the issue of any of the offering documents (as defined in the Hong Kong Underwriting Agreement); or
- (xiv) 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
- (xv) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to the CSRC filings pursuant to the CSRC rules or upon

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any requirement or request of the CSRC; or (C) any non-compliance of the CSRC Filings with the CSRC Rules or any other applicable Laws; or

- (xvi) that (i) a material portion of the orders placed or confirmed in the bookbuilding process, or (ii) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, has been withdrawn, terminated or cancelled, or the payment of the relevant order or investment amount has not been received or settled in the stipulated time and manner or otherwise.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that, except pursuant to the Global Offering (including the Over-allotment Option), he or it shall not, and shall procure that the relevant registered holders of the Shares in which he or it is beneficially interested shall not:

- (i) in the period commencing on the date by reference to which disclosure of his or its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the “**First Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (which includes the Convertible Bonds held by Shaoxing Weihao Management and the underlying Shares that may be converted from such Convertible Bonds in the event of the exercise of its conversion rights, as applicable) in respect of which he or it is shown by this prospectus to be the beneficial owner (as defined in the Listing Rules (the “**Relevant Securities**”)); and
- (ii) in the period of six months commencing on the date on which the First Six-month Period expires (the “**Second Six-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of them would cease to be a Controlling Shareholder or a member of the group of Controlling Shareholders, or together with the other Controlling Shareholders would cease to be a group of Controlling Shareholders.

Note 2 to Rule 10.07(2) of the Listing Rules provides that the foregoing shall not prevent any of our Controlling Shareholders from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

In addition, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also irrevocably undertaken to the Stock Exchange and us that, within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

- (i) when he or it pledges or charges any Shares or securities of our Company beneficially owned by him in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of securities so pledged or charged; and

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- (ii) when he or it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities of our Company will be disposed of, immediately inform us in writing of any such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by our Controlling Shareholders and announce such as soon as possible after being so informed by our Controlling Shareholders.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

The Company hereby undertakes to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), it will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares; or
- (c) enter into any transaction with the same economic effect as any transaction described in paragraph (a) or (b) above; or
- (d) offer to or contract to or agree to do any of the foregoing specified in paragraph (a), (b) or (c) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). The Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction

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during the period of six months commencing on the date on which the First Six Month Period expires, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the Joint Sponsors, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for, or to purchase, their respective proportions of the International Offer Shares being offered under the International Offering (subject to, among other, any reallocation between the International Offering and the Hong Kong Public Offering).

It is expected that the International Underwriting Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Our Company has agreed to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators 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 6,870,000 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.”

UNDERWRITING COMMISSIONS AND LISTING EXPENSES

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission equal to 0.6% of the aggregate Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees (the “**Fixed Fees**”). Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or Capital Market Intermediaries an additional incentive fee up to 0.6% of the Offer Price payable for the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option) (the “**Discretionary Fees**”). For the purpose of disclosure of the ratio of fixed and discretionary fees payable (the “**Fee Split Ratio**”) as required under paragraph 3B of Appendix D1A to the Listing Rules, the Fee Split Ratio will be approximately 25.3:74.7 (on the basis that the Discretionary Fees will be fully paid). 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.

UNDERWRITING

The aggregate underwriting commissions and fees (including the incentive fees and assuming full payment), together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy the Stock Exchange trading fee, legal and other professional fees, printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$106.66 million (assuming an Offer Price of HK\$104.80 per Offer Share (being the maximum Offer Price), the full payment of the discretionary incentive fee and no exercise of the Over-allotment Option) in aggregate, and are to be borne by us.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that each of the Underwriters and the Capital Market Intermediaries of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates, may individually undertake, and which do not form part of the underwriting process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them must not make bids or purchases or effect any other transactions (including but not limited to issuing any option or derivative or structured product which has, as its underlying asset, any Offer Shares), whether in the open market or otherwise, for the purpose of or with a view to creating actual, or apparent, active trading in the Offer Shares or raising, stabilizing or maintaining the price of the Offer Shares to or at levels other than those which might otherwise prevail in the open market; and
- (b) all of them 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.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, 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 the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activity 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 the 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 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.

These 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 H Shares’ share price, and the extent to which this occurs from day to day cannot be estimated.

UNDERWRITING

UNDERWRITERS' AND CAPITAL MARKET INTERMEDIARIES' INTEREST IN OUR GROUP

Except as disclosed in this document and the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters and the Capital Market Intermediaries has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

JOINT SPONSORS' INDEPENDENCE

Save and except for Ping An of China Capital (Hong Kong) Company Limited, other Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This document is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (i) the Hong Kong Public Offering of initially 4,580,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in “— The Hong Kong Public Offering” below in this section; and
- (ii) the International Offering of initially 41,220,000 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as described in “— The International Offering” below in this section.

Investors may either apply for the Hong Kong Offer Shares under the Hong Kong Public Offering, or apply for or indicate an interest for the International Offer Shares under the International Offering, but may not do both.

The 45,800,000 Offer Shares in the Global Offering will represent approximately 3.65% of our enlarged share capital (including the treasury Shares) immediately after 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 will represent approximately 4.17% of our enlarged share capital (including the treasury Shares) immediately following the completion of the Global Offering. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed “Underwriting” in this document.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in “— The Hong Kong Public Offering — Reallocation” below in this section.

References in this document to applications, application or subscription monies or procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

Our Company is initially offering 4,580,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 0.36% of our enlarged share capital (including the treasury Shares) immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below in this section.

STRUCTURE OF THE GLOBAL OFFERING

Allocation

Allocation of the Hong Kong Offer Shares to applicants under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools (with any odd board lot being allocated to pool A): pool A and pool B, both of which are available on an equitable basis to successful applicants with any odd board lots being allocated to pool A:

Pool A: the Offer Shares will be allocated on an equitable basis to valid applicants who have applied for the 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; and

Pool B: the Offer Shares will be allocated on an equitable basis to valid applicants who have applied for the 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 of pool B.

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly.

For the purpose of this subsection only, the “subscription price” for the 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 but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering (being 2,290,000 Hong Kong Offer Shares) will be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their 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.

STRUCTURE OF THE GLOBAL OFFERING

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators 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 2,290,000 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase to up to 6,870,000 Offer Shares, representing 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 for the New Listing Applicants 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 Friday, January 9, 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 document and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channel), the maximum Offer Price of HK\$104.80 per H Share in addition to any brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer

STRUCTURE OF THE GLOBAL OFFERING

Share, amounting to a total of HK\$10,585.69 for one board lot of 100 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed “— Pricing and Allocation” in this section below, is less than the maximum Offer Price of HK\$104.80 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out below in the section headed “How to Apply for Hong Kong Offer Shares” in this document.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above and the Over-allotment Option, our Company will be initially offering for subscription under the International Offering 41,220,000 Offer Shares, representing approximately 90% of the Offer Shares initially available under the Global Offering and approximately 3.28% of our enlarged issued share capital (including the treasury Shares) immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of the International Offer Shares institutional and professional investors and other investors anticipated to have a sizeable demand for such International Offer Shares in other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Allocation of International Offer Shares pursuant to the International Offering will be determined by the Overall Coordinators (for themselves and on behalf of the Underwriters) and will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered the International 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 it to identify the relevant application under the Hong Kong Public Offering and to ensure that they are excluded from any application of the Offer Shares under the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the sub-section headed “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part, and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at anytime from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 6,870,000 H Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.54% of our enlarged issued share capital (including the treasury Shares) immediately following the completion of the Global Offering. 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 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 through its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares for a limited period after the Listing Date at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager through its affiliates of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-Allotment Option. In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 6,870,000 H Shares, representing 15% of the initial Offer Shares, 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. Both the size of such cover and the extent to which the Over-allotment Option can

STRUCTURE OF THE GLOBAL OFFERING

be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

The Stabilizing Manager through its affiliates may close out the covered short position by either exercising the Over-allotment Option to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager through its affiliates will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, **provided that** they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager through its affiliates or any person acting for it to conduct any such stabilizing action, which if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager through its affiliates or any person acting for it, (b) may be discontinued at any time, and (c) is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold and transferred pursuant to the exercise of the Over-allotment Option, namely, 6,870,000 Offer Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

- (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 deduction in the market price of the H Shares;
- (c) subscribing, or agreeing to subscribe, for the H Shares to be sold and transferred pursuant to the exercise of the Over-allotment Option in order to close out any position established under (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 to liquidate any position established as a result of those purchases; and
- (f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager through its affiliates, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

Prospective applications for investors in the Offer Shares should note that:

- (a) as a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager through its affiliates, or any person acting for it, may maintain a long position in the H Shares;

STRUCTURE OF THE GLOBAL OFFERING

- (b) the size of the long position, and the period for which the Stabilizing Manager through its affiliates, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager through its affiliates and is uncertain;
- (c) liquidation of any such long position by the Stabilizing Manager through its affiliates and selling in the open market may lead to a decline in 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 stabilizing period, which begins on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager through its affiliates may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market;
- (e) any stabilizing action taken by the Stabilizing Manager through its affiliates, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

An announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

PRICING AND ALLOCATION

The Offer Price for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Thursday, January 8, 2026, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing price of the A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at https://english.sse.com.cn/markets/equities/list/overview/?COMPANY_CODE=603501&STOCK_CODE=603501), and the Offer Price will not be more than HK\$104.80. The historical closing prices of our A Shares and trading volume on the Shanghai Stock Exchange are set out below.

<u>Period</u>	<u>High</u> <u>(RMB)</u>	<u>Low</u> <u>(RMB)</u>	<u>ADTV⁽¹⁾</u> <u>(A Shares)</u>
Year ended December 31, 2022	230.20	71.70	13,570,978
Year ended December 31, 2023	112.76	77.09	10,477,176
Year ended December 31, 2024	117.92	79.22	13,217,505
Year of 2025 (up to the Latest Practicable Date)	157.98	98.14	19,639,060

Note:

(1) Average daily trading volume (“ADTV”) represents daily average number of our A Shares traded over the relevant period.

STRUCTURE OF THE GLOBAL OFFERING

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 at the Offer Price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the prior consent of our Company, reduce the number of Offer Shares that stated in this document prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a situation, our Company will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, post a notice on the website of the Stock Exchange (www.hkexnews.hk) and the website of our Company (www.omnivision-group.com) (the contents of the website do not form a part of this document). 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 notice of a reduction in the number of Offer Shares may not be made until 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 indication of the level of interest in the International Offering, the basis of allotment of the Offer Shares available under the Hong Kong Public Offering and the results of allocations in the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this document.

UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date. The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in the section headed “Underwriting” in this document.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Hong Kong Offer Shares is conditional on, among others:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued (including any H Shares that may be issued pursuant to

STRUCTURE OF THE GLOBAL OFFERING

the exercise of the Over-allotment Option) pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

- (b) the Offer Price having been agreed between the Overall Coordinators and our Company;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Hong Kong Underwriters and the Capital Market Intermediaries under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters and the Capital Market Intermediaries under the International Underwriting Agreement becoming 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 Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this document.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators and our Company on or before 12:00 noon on Thursday, January 8, 2026, the Global Offering will not proceed and will lapse.

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.

If the above conditions are not fulfilled or waived prior to the times and dates 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 website of the Stock Exchange (www.hkexnews.hk) and on the website of our Company (www.omnivision-group.com) on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set forth in the section headed “How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies” in this document. 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).

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied 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 by us pursuant to the Global Offering.

Except that we have applied for the Listing on the Stock Exchange, no part of our Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our

STRUCTURE OF THE GLOBAL OFFERING

Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, January 12, 2026, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, January 12, 2026.

Our H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares is 0501.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This document is available at the website of the Stock Exchange at www.hkexnews.hk under the “HKEXnews > New Listings > New Listing Information” section, and our website at www.omnivision-group.com.

The contents of this document are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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 for:

- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person (except qualified domestic institutional investors) of the People’s Republic of China.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing holder or beneficial owner of our Shares and/or a substantial shareholder of any of our subsidiaries;
- are director, supervisor (where applicable) or chief executive officer of ours and/or any of our subsidiaries;
- are a close associate of any of the above persons;
- are our connected person or will become our connected person immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Wednesday, December 31, 2025 and end at 12:00 noon on Wednesday, January 7, 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:

Application Channel	Platform	Target Investors	Application Time
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, December 31, 2025 to 11:30 a.m. on Wednesday, January 7, 2026 Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, January 7, 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instructions on your behalf through HKSCC's FINI system in accordance with your instruction.	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 application for the Hong Kong Offer Shares will commence on Wednesday, December 31, 2025 through Wednesday, January 7, 2026, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Monday, January 12, 2026.

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 of the application period 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 instructions 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 electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 document, 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 the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this document and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

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. HKID card; 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. 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.
- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.
- "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.
- "Statutory control" means you:
- control the composition of the board of directors of the company;
 - control more than half of the voting power of the company; or
 - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	100 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\$104.80 per Share. If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application, in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees

HOW TO APPLY FOR HONG KONG OFFER SHARES

(acting as nominee for the relevant HKSCC Participants) to arrange payment of the Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **HK eIPO White Form** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application 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	10,585.69	2,500	264,642.26	30,000	3,175,707.25	600,000	63,514,144.80
200	21,171.38	3,000	317,570.72	40,000	4,234,276.32	700,000	74,099,835.60
300	31,757.08	3,500	370,499.17	50,000	5,292,845.40	800,000	84,685,526.40
400	42,342.76	4,000	423,427.63	60,000	6,351,414.48	900,000	95,271,217.20
500	52,928.45	4,500	476,356.09	70,000	7,409,983.55	1,000,000	105,856,908.00
600	63,514.14	5,000	529,284.55	80,000	8,468,552.65	1,500,000	158,785,362.00
700	74,099.83	6,000	635,141.45	90,000	9,527,121.72	2,000,000	211,713,816.00
800	84,685.53	7,000	740,998.36	100,000	10,585,690.80	2,290,000 ⁽¹⁾	242,412,319.32
900	95,271.22	8,000	846,855.27	200,000	21,171,381.60		
1,000	105,856.91	9,000	952,712.17	300,000	31,757,072.40		
1,500	158,785.36	10,000	1,058,569.08	400,000	42,342,763.20		
2,000	211,713.81	20,000	2,117,138.15	500,000	52,928,454.00		

(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 cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **HK eIPO White Form** service, (ii) **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 **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names, identification document numbers and reference 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.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **HK eIPO White Form** service or **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, 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 understand 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 offers and sales of shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;
- (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 the Relevant Persons¹, the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) 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

¹ Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediates and any of their or the Company’s respective directors, officers, employees, partners, agents or representatives and any other parties involved in the Global Offering.

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governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed “— G. Personal Data — 3. Purposes” and “— G. Personal Data — 4. Transfer of personal data” in this section;

- (viii) 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;
- (ix) 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;
- (x) 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;
- (xi) 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;
- (xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, 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;
- (xiii) 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;
- (xiv) warrant that the information you have provided is true and accurate;
- (xv) 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;
- (xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xvii) 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;

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- (xviii) (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 any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) 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 electronic application instructions to HKSCC and the **HK eIPO White Form** Service Provider and (2) 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 HK eIPO White Form service or HKSCC EIPO channel:		
Website	The designated results of allocation 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.omnivision-group.com which will provide links to the above mentioned websites of the H Share Registrar.	24 hours, from 11:00 p.m. on Friday, January 9, 2026 to 12:00 midnight on Thursday, January 15, 2026 (Hong Kong time) No later than 11:00 p.m. on Friday, January 9, 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 Monday, January 12, 2026 to Thursday, January 15, 2026 (Hong Kong time) <i>(excluding Saturday, Sunday and public holiday in Hong Kong)</i>

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, January 8, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, January 8, 2026 on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Allocation Announcement

We expect to announce 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 Hong Kong Offer Shares on the Stock Exchange's website at www.hkexnews.hk and our website at www.omnivision-group.com by no later than 11:00 p.m. on Friday, January 9, 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 for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (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. You may refer to the paragraph headed “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- we or the Overall Coordinators believe that by accepting your application, it or we 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

HOW TO APPLY FOR HONG KONG OFFER SHARES

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. DESPATCH/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, provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	HK eIPO White Form service	HKSCC EIPO channel
For application of 1,000,000 Hong Kong Offer Shares or more	Collection in person at the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.	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.

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	HK eIPO White Form service	HKSCC EIPO channel
	Time: 9.00 a.m. to 1:00 p.m on Monday, January 12, 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	
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: Friday, January 9, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Monday, January 12, 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 despatched to the address as specified in your application instructions by ordinary post at your own risk	

HOW TO APPLY FOR HONG KONG OFFER SHARES

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, January 7, 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 Wednesday, January 7, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the listing date. Should there be any changes to the dates mentioned in the section headed “Expected Timetable” in this documents, an announcement will be made and published on the Stock Exchange’s website at www.hkexnews.hk and our website at www.omnivision-group.com of the revised timetable.

If a Severe Weather Signal is hoisted on Friday, January 9, 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 Monday, January 12, 2026.

If a Severe Weather Signal is hoisted on Friday, January 9, 2026, for application of less than 1,000,000 Hong Kong Offer Shares, the 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 cancelled (e.g. in the afternoon of Friday, January 9, 2026 or on Monday, January 12, 2026).

If a Severe Weather Signal is hoisted on Monday, January 12, 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 cancelled (e.g. in the afternoon of Monday, January 12, 2026 or on Tuesday, January 13, 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 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 advisor for details of the settlement arrangement 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. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of 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 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the 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 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 and holders of the Shares and/or regulators and/or any other purposes to which applicants and holders of the 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 operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. Retention of Personal Data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

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 and the H Share Registrar, at their registered address disclosed in the section headed “Corporate Information” in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of 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.



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF OMNIVISION INTEGRATED CIRCUITS GROUP, INC. AND UBS SECURITIES HONG KONG LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of OmniVision Integrated Circuits Group, Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-5 to I-110, which comprises the consolidated statements of financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-5 to I-110 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated December 31, 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain

reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity's preparation of 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 Company as at December 31, 2022, 2023 and 2024 and June 30, 2025 and the consolidated financial position of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the six months ended June 30, 2024 and other explanatory information (together the "Stub Period Comparative Historical Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 44 to the Historical Financial Information states which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong

December 31, 2025

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the historical financial information as of December 31, 2022, 2023 and 2024 and June 30, 2025 and for the years/periods then ended (the “Track Record Period”) (the “Historical Financial Information”) which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) Accounting Standards, which collective term includes all applicable individual IFRS, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“IASB”) , and were audited by BDO Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“IAASB”) (“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 stated.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	6	20,040,249	20,984,259	25,706,819	12,093,643	13,944,143
Cost of sales	8	(15,298,952)	(16,800,763)	(18,467,629)	(8,685,829)	(9,818,096)
Gross profit		4,741,297	4,183,496	7,239,190	3,407,814	4,126,047
Selling and marketing expenses	8	(516,284)	(467,329)	(556,749)	(264,077)	(269,326)
General and administrative expenses	8	(799,382)	(662,553)	(1,070,815)	(368,367)	(383,485)
Research and development expenses	8	(2,518,569)	(2,239,446)	(2,685,766)	(1,265,796)	(1,367,726)
Net impairment losses on financial assets	3.1(ii)	35,446	(90,853)	(11,401)	(15,046)	(34,394)
Other income	7	118,746	95,899	96,914	32,234	58,849
Other gains/(losses), net	10	745,346	349,287	291,151	(3,917)	21,381
Finance income	11	27,318	95,904	330,261	140,638	194,191
Finance costs	11	(493,888)	(534,002)	(326,701)	(169,517)	(149,527)
Finance costs, net	11	(466,570)	(438,098)	3,560	(28,879)	44,664
Share of post-tax (losses)/gains of equity accounted associates	12b	(46,286)	(38,830)	(33,277)	8,629	(3,960)
Profit before income tax		1,293,744	691,573	3,272,807	1,502,595	2,192,050
Income tax (expense)/benefit	13	(342,748)	(147,623)	5,834	(141,681)	(171,657)
Profit for the year/period		950,996	543,950	3,278,641	1,360,914	2,020,393
Profit is attributable to:						
Owners of the Company		982,730	555,751	3,317,582	1,367,013	2,027,880
Non-controlling interests		(31,734)	(11,801)	(38,941)	(6,099)	(7,487)
Other comprehensive income						
<i>Items that may be reclassified to profit or loss</i>						
Share of other comprehensive income of investments accounted by equity method	12b	(409)	(377)	(748)	(154)	162
Exchange differences on translation of foreign operations		1,224,722	299,751	282,966	103,216	(78,449)
<i>Items that will not be reclassified to profit or loss</i>						
Changes in the fair value of equity investments at fair value through other comprehensive income	22	(491,908)	(138,736)	84,183	(221,763)	24,080
Income tax impact		75,676	21,609	(13,249)	34,373	(3,732)
Other comprehensive income for the year/period, net of tax		808,081	182,247	353,152	(84,328)	(57,939)
Total comprehensive income for the year/period		1,759,077	726,197	3,631,793	1,276,586	1,962,454
Total comprehensive income attributable to:						
Owners of the Company		1,790,110	737,887	3,670,579	1,282,404	1,970,038
Non-controlling interests		(31,033)	(11,690)	(38,786)	(5,818)	(7,584)
Earnings per share (expressed in RMB per share)						
Basic earnings per share	14	0.83	0.47	2.77	1.14	1.69
Diluted earnings per share	14	0.83	0.47	2.76	1.14	1.68

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	2,189,883	2,724,398	3,242,768	3,424,763
Assets under construction	16	493,136	903,794	533,792	661,420
Right-of-use assets	17	573,629	553,387	522,939	516,263
Investment properties	18	253,042	247,469	241,663	237,732
Intangible assets	19	1,698,662	1,975,042	1,886,539	1,896,724
Development expenditure	20	810,564	1,044,623	1,063,475	1,096,424
Goodwill	21	3,169,362	3,860,668	3,632,187	3,629,646
Deferred tax assets	31	335,906	406,074	400,677	635,248
Prepayments, non-current	26	778,388	220,364	95,992	259,432
Investments accounted by equity method	12b	534,070	518,390	464,027	458,519
Financial assets at fair value through other comprehensive income	22	1,703,260	1,564,524	1,648,707	1,672,778
Financial assets at fair value through profit or loss	23	2,964,287	3,397,839	3,346,755	3,564,956
Other non-current assets	27	73,512	62,387	80,832	75,132
		15,577,701	17,478,959	17,160,353	18,129,037
Current assets					
Inventories	24	12,356,297	6,321,611	6,956,198	7,954,124
Trade and other receivables	25	2,613,429	4,101,477	4,046,135	4,612,671
Prepayments, current	26	252,203	276,199	325,019	267,307
Financial assets at fair value through other comprehensive income	22	162,829	162,682	116,383	104,191
Financial assets at fair value through profit or loss	23	14,010	132,750	—	—
Cash and cash equivalents	28	3,995,146	9,055,098	10,152,782	11,183,571
Restricted cash	28	31,000	30,776	32,566	40,559
Other current assets	27	188,409	183,612	175,138	192,841
		19,613,323	20,264,205	21,804,221	24,355,264
Total assets		35,191,024	37,743,164	38,964,574	42,484,301
LIABILITIES					
Non-current liabilities					
Borrowings, non-current	29	2,749,776	2,977,396	3,471,950	2,434,672
Convertible bonds, non-current	30	2,346,778	2,443,920	2,523,927	2,513,722
Lease liabilities, non-current	17	145,313	122,132	96,932	101,468
Deferred tax liabilities	31	422,893	495,027	529,832	618,305
Provision	32	1,011,462	943,567	433,333	460,133
Financial liabilities at fair value through profit or loss	33	—	172,490	88,760	91,380
Other non-current liabilities	37	40,467	25,294	22,022	41,136
		6,716,689	7,179,826	7,166,756	6,260,816
Current liabilities					
Trade and other payables	34	2,325,480	2,875,089	3,120,852	4,122,524
Contract liabilities	6	125,370	186,781	225,673	204,464
Current tax liabilities	35	100,933	183,487	176,352	218,500
Borrowings, current	29	7,467,606	5,373,989	3,569,131	5,005,362
Convertible bonds, current	30	—	—	—	21,892

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION—continued

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities, current	17	66,155	63,725	66,169	66,866
Financial liabilities at fair value through profit or loss	33	—	99,030	99,030	100,000
Employee benefit obligations	36	263,491	263,750	332,329	286,676
Other current liabilities	37	24,207	22,800	5,892	10,194
		10,373,242	9,068,651	7,595,428	10,036,478
Total liabilities		17,089,931	16,248,477	14,762,184	16,297,294
Net current assets		9,240,081	11,195,554	14,208,793	14,318,786
EQUITY					
Share capital	38	1,185,382	1,215,775	1,216,123	1,217,170
Capital reserves	39	8,631,136	11,329,219	11,551,430	11,744,656
Other equity instrument	40	233,058	233,031	233,016	232,981
Treasury shares	41	(769,112)	(704,717)	(1,439,898)	(1,348,003)
Other reserves	42	166,694	369,936	778,586	720,745
Retained earnings	43	8,572,067	9,007,582	11,861,928	13,625,347
Capital and reserves attributable to owners of the Company		18,019,225	21,450,826	24,201,185	26,192,896
Non-controlling interests		81,868	43,861	1,205	(5,889)
Total equity		18,101,093	21,494,687	24,202,390	26,187,007
Total equity and liabilities		35,191,024	37,743,164	38,964,574	42,484,301

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,			As of June 30,
	Note	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	88,957	70,089	46,868	37,425
Assets under construction		511	—	—	—
Right-of-use assets	17	34,702	21,589	33,094	25,290
Investment properties	18	136,793	132,789	128,785	126,783
Intangible assets	19	69,771	33,260	19,625	11,439
Deferred tax assets	31	49,231	90,897	147,709	—
Prepayments, non-current	26	55,335	6,622	—	26,000
Investments accounted by equity method	12b	1,474,325	1,467,221	1,442,026	1,532,781
Investments accounted by cost method	12c	19,856,992	21,279,419	22,136,206	22,531,474
Financial assets at fair value through profit or loss	23	1,025,162	976,012	874,591	871,425
Other non-current assets		8,958	6,121	3,233	3,293
		<u>22,800,737</u>	<u>24,084,019</u>	<u>24,832,137</u>	<u>25,165,910</u>
Current assets					
Inventories	24	184,156	147,126	116,771	108,927
Trade and other receivables	25	4,966,603	5,204,149	5,417,207	5,904,776
Prepayments, current	26	1,086,934	566,179	294,589	257,095
Financial assets at fair value through other comprehensive income	22	28,537	74,477	50,261	6,587
Financial assets at fair value through profit or loss	23	14,010	12,260	—	—

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY—continued

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	28	557,026	2,303,375	114,400	51,011
Restricted cash	28	17,532	17,532	10,000	10,000
Other current assets		18,035	2,475	3,402	24,822
		<u>6,872,833</u>	<u>8,327,573</u>	<u>6,006,630</u>	<u>6,363,218</u>
Total assets		<u>29,673,570</u>	<u>32,411,592</u>	<u>30,838,767</u>	<u>31,529,128</u>
LIABILITIES					
Non-current liabilities					
Borrowings, non-current	29	2,749,776	2,595,029	3,249,200	1,689,500
Convertible bonds, non-current	30	2,346,778	2,443,920	2,523,927	2,513,722
Lease liabilities, non-current	17	20,883	11,200	17,557	10,486
Deferred tax liabilities	31	—	—	—	71,473
Financial liabilities at fair value through profit or loss	33	—	172,318	88,671	91,289
Other non-current liabilities		6,046	3,170	378	234
		<u>5,123,483</u>	<u>5,225,637</u>	<u>5,879,733</u>	<u>4,376,704</u>
Current liabilities					
Trade and other payables	34	757,870	575,284	495,657	849,081
Contract liabilities		1,855	2,377	1,500	1,483
Borrowings, current	29	5,576,986	5,296,868	3,516,753	4,093,710
Convertible bonds, current	30	—	—	—	21,892
Lease liabilities, current	17	14,653	11,563	16,084	15,224
Financial liabilities at fair value through profit or loss	33	—	98,931	98,931	99,900
Employee benefit obligations		8,075	6,686	7,612	4,362
Other current liabilities		241	308	197	193
		<u>6,359,680</u>	<u>5,992,017</u>	<u>4,136,734</u>	<u>5,085,845</u>
Total liabilities		<u>11,483,163</u>	<u>11,217,654</u>	<u>10,016,467</u>	<u>9,462,549</u>
EQUITY					
Share capital	38	1,185,382	1,215,775	1,216,123	1,217,170
Capital reserves		17,154,336	19,942,950	20,141,949	20,320,366
Other equity instrument	40	233,058	233,031	233,016	232,981
Treasury shares	41	(769,112)	(704,717)	(1,439,898)	(1,348,003)
Other reserves	42	133,812	154,541	209,447	209,609
Retained earnings		252,931	352,358	461,663	1,434,456
Total equity		<u>18,190,407</u>	<u>21,193,938</u>	<u>20,822,300</u>	<u>22,066,579</u>
Total equity and liabilities		<u>29,673,570</u>	<u>32,411,592</u>	<u>30,838,767</u>	<u>31,529,128</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserves	Other equity instrument	Treasury shares	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022		875,724	8,427,025	233,117	(741,689)	(651,917)	8,056,673	16,198,933	106,062	16,304,995
Comprehensive income										
Profit for the year		—	—	—	—	—	982,730	982,730	(31,734)	950,996
Other comprehensive income		—	—	—	—	807,379	—	807,379	702	808,081
Total comprehensive income for the year		—	—	—	—	807,379	982,730	1,790,109	(31,032)	1,759,077
Transaction with owners in their capacity as owners:										
Exercise of share option	45	2,662	263,682	—	—	—	—	266,344	—	266,344
Conversion of convertible bonds	30	3	624	(59)	—	—	—	568	—	568
Vesting of restricted shares	45	—	—	—	74,561	—	—	74,561	—	74,561
Share-based payments	45	—	269,415	—	—	—	—	269,415	1,902	271,317
Non-controlling interests arising from disposal of subsidiaries	50	—	—	—	—	—	—	—	14,283	14,283
Transactions with non-controlling interests	12a	—	(23,326)	—	—	—	—	(23,326)	(7,805)	(31,131)
Conversion of capital reserve into share capital	38	306,993	(306,993)	—	—	—	—	—	—	—
Repurchase of shares	41	—	—	—	(104,959)	—	—	(104,959)	—	(104,959)
Dividends declared or paid	44	—	—	—	2,975	—	(456,104)	(453,129)	(1,542)	(454,671)
Appropriation to reserves	42	—	—	—	—	11,232	(11,232)	—	—	—
Tax impact of share-based payments	13	—	709	—	—	—	—	709	—	709
As of December 31, 2022		309,658	204,111	(59)	(27,423)	11,232	(467,336)	30,183	6,838	37,021
As of January 1, 2023		1,185,382	8,631,136	233,058	(769,112)	166,694	8,572,067	18,019,225	81,868	18,101,093
Comprehensive income										
Profit for the year		—	—	—	—	—	555,751	555,751	(11,801)	543,950
Other comprehensive income		—	—	—	—	182,136	—	182,136	111	182,247
Total comprehensive income for the year		—	—	—	—	182,136	555,751	737,887	(11,690)	726,197
Transaction with owners in their capacity as owners:										
Issuance under GDR, net of transaction costs	38	31,000	3,076,606	—	—	—	—	3,107,606	—	3,107,606
Exercise of share option	45	3,694	251,434	—	—	—	—	255,128	—	255,128
Conversion of convertible bonds	30	2	306	(27)	—	—	—	281	—	281
Repurchase of restricted shares	45	(4,303)	(491,800)	—	496,103	—	—	—	—	—
Employee stock ownership plan	39	—	(20,038)	—	398,729	—	—	378,691	—	378,691
Repurchase of shares	41	—	(31,278)	—	(830,437)	—	—	(830,437)	—	(830,437)
Share-based payments	45	—	—	—	—	—	—	(31,278)	(254)	(31,532)
Transactions with non-controlling interests	12a	—	(66,385)	—	—	—	—	(66,385)	(19,435)	(85,820)
Dividends declared or paid	44	—	—	—	—	—	(99,130)	(99,130)	(6,628)	(105,758)
Appropriation to reserves	42	—	—	—	—	21,106	(21,106)	—	—	—
Tax impact of share-based payments	13	—	(20,762)	—	—	—	—	(20,762)	—	(20,762)
As of December 31, 2023		30,393	2,698,083	(27)	64,395	21,106	(120,236)	2,693,714	(26,317)	2,667,397
As of January 1, 2024		1,215,775	11,329,219	233,031	(704,717)	369,936	9,007,582	21,450,826	43,861	21,494,687
Comprehensive income										
Profit for the year		—	—	—	—	—	3,317,582	3,317,582	(38,941)	3,278,641

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

	Note	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserves	Other equity instrument	Treasury shares	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other comprehensive income		—	—	—	—	352,997	—	352,997	155	353,152
Total comprehensive income for the year		—	—	—	—	352,997	3,317,582	3,670,579	(38,786)	3,631,793
Transaction with owners in their capacity as owners:										
Exercise of share option	45	1,696	121,164	—	96,715	—	—	219,575	—	219,575
Conversion of convertible bonds	30	1	173	(15)	—	—	—	159	—	159
Repurchase of restricted shares	45	(1,349)	(166,701)	—	168,050	—	—	—	—	—
Repurchase of shares	41	—	—	—	(999,946)	—	—	(999,946)	—	(999,946)
Share-based payments	45	—	244,364	—	—	—	—	244,364	1,192	245,556
Dividends declared for or paid	44	—	—	—	—	—	(407,583)	(407,583)	(5,162)	(412,745)
Appropriation to reserves	42	—	—	—	—	55,653	(55,653)	—	100	23,311
Tax impact of share-based payments	13	—	23,211	—	—	—	—	23,211	—	23,311
		348	222,211	(15)	(735,181)	55,653	(463,236)	(920,220)	(3,870)	(924,090)
As of December 31, 2024		1,216,123	11,551,430	233,016	(1,439,898)	778,586	11,861,928	24,201,185	1,205	24,202,390
As of January 1, 2024		1,215,775	11,329,219	233,031	(704,717)	369,936	9,007,582	21,450,826	43,861	21,494,687
Comprehensive income										
Profit for the period		—	—	—	—	—	1,367,013	1,367,013	(6,099)	1,360,914
Other comprehensive income		—	—	—	—	(84,609)	—	(84,609)	281	(84,328)
Total comprehensive income for the period		—	—	—	—	(84,609)	1,367,013	1,282,404	(5,818)	1,276,586
Transaction with owners in their capacity as owners:										
Conversion of convertible bonds	30	1	62	(6)	—	—	—	57	—	57
Repurchase of shares	41	—	—	—	(999,732)	—	—	(999,732)	—	(999,732)
Share-based payments	45	—	136,347	—	—	—	—	136,347	665	137,012
Dividends declared or paid	44	—	—	—	—	—	(167,603)	(167,603)	—	(167,603)
Tax impact of share-based payments	13	—	1,252	—	—	—	—	1,252	—	1,252
		1	137,661	(6)	(999,732)	—	(167,603)	(1,029,679)	665	(1,029,014)
As of June 30, 2024		1,215,776	11,466,880	233,025	(1,704,449)	285,327	10,206,992	21,703,551	38,708	21,742,259

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

	Note	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserves	Other equity instrument	Treasury shares	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2025		1,216,123	11,551,430	233,016	(1,439,898)	778,586	11,861,928	24,201,185	1,205	24,202,390
Comprehensive income										
Profit for the period		—	—	—	—	—	2,027,880	2,027,880	(7,487)	2,020,393
Other comprehensive income		—	—	—	—	(57,842)	—	(57,842)	(97)	(57,939)
Total comprehensive income for the period		—	—	—	—	(57,842)	2,027,880	1,970,038	(7,584)	1,962,454
Transaction with owners in their capacity as owners:										
Exercise of share option	45	1,045	71,044	—	91,895	—	—	163,984	—	163,984
Conversion of convertible bonds	30	2	278	(35)	—	—	—	245	—	245
Share-based payments	45	—	107,094	—	—	—	—	107,094	490	107,584
Dividends declared or paid	44	—	—	—	—	—	(264,460)	(264,460)	—	(264,460)
Disposal of financial assets at fair value through other comprehensive income		—	—	—	—	1	(1)	—	—	—
Tax impact of share-based payments	13	—	14,810	—	—	—	—	14,810	—	14,810
		1,047	193,226	(35)	91,895	1	(264,461)	21,673	490	22,163
As of June 30, 2025		1,217,170	11,744,656	232,981	(1,348,003)	720,745	13,625,347	26,192,896	(5,889)	26,187,007

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash (used in)/generated from operations	46(i)	(1,650,426)	7,597,474	4,932,523	1,920,504	1,957,406
Interest received		28,679	94,336	318,661	132,705	195,766
Interest paid		(366,003)	(469,180)	(249,307)	(106,972)	(97,151)
Income tax paid		(371,551)	(155,123)	(479,313)	(231,701)	(265,022)
Net cash (outflow)/inflow from operating activities		(2,359,301)	7,067,507	4,522,564	1,714,536	1,790,999
Cash flows from investing activities						
Payment for acquisition of subsidiaries, net of cash acquired	49	(256,596)	(1,262,080)	(122,000)	(22,000)	(20,000)
Payments for associates		(95,491)	(23,400)	—	—	—
Payments for financial assets		(2,675,747)	(846,363)	(208,768)	(193,768)	(427,061)
Payments for property, plant and equipment		(1,322,259)	(277,387)	(579,417)	(248,176)	(699,608)
Payments for intangible assets		(87,482)	(77,222)	(45,996)	(25,437)	(10,153)
Payments for land use right		(166,677)	(1,905)	—	—	—
Payment of development expenditure		(682,922)	(691,887)	(623,206)	(326,388)	(359,742)
Cash of a disposed subsidiary		—	—	—	—	(1,998)
Restricted cash paid for investing activities		(2,438)	(13,000)	—	—	(12,916)
Proceeds from sale of subsidiaries	50	152,031	3,200	50,000	50,000	—
Proceeds from sale of associates		145,500	30,000	64,768	64,768	—
Proceeds from sale of financial assets		960,232	677,712	601,307	156,185	262,171
Proceeds from sale of long-term assets		7,145	6,856	27,559	295	2,646
Dividends from financial assets		7,585	9,254	25,161	14,255	18,391
Restricted cash received from investing activities		—	2,438	—	—	9,750
Net cash outflow from investing activities		(4,017,119)	(2,463,784)	(810,592)	(530,266)	(1,238,520)
Cash flows from financing activities						
Proceeds from issues of shares, net of issuance cost		259,218	3,385,821	208,679	—	163,207
Proceeds from employee stock ownership plan		—	378,690	—	—	—
Proceeds from borrowings		7,451,543	6,109,297	5,320,725	2,944,000	2,439,044
Restricted cash received from financing activities		30,127	10,719	—	—	—
Repurchase of shares and repurchase transaction cost		(104,959)	(830,437)	(999,946)	(999,946)	—
Repurchase of restricted shares		(237,633)	(258,469)	(168,050)	(168,050)	—
Repayment of borrowings		(4,209,456)	(8,117,857)	(6,618,036)	(4,286,586)	(2,022,950)
Payments of lease liabilities (principal)		(79,480)	(80,364)	(83,284)	(32,803)	(38,913)
Payments of purchase by installment		(878)	(1,112)	(2,607)	—	—
Payment for issuance cost		—	—	—	(3,953)	—
Transactions with non-controlling interests	12a	(31,131)	(85,820)	—	—	(6,000)
Dividends paid to owners of the Company		(456,104)	(99,130)	(407,583)	—	—
Dividends paid to non-controlling interests in subsidiaries		—	(5,888)	(7,368)	(5,005)	(959)
Net cash inflow/(outflow) from financing activities		2,621,247	405,450	(2,757,470)	(2,552,343)	533,429
Net (decrease)/increase in cash and cash equivalents		(3,755,173)	5,009,173	954,502	(1,368,073)	1,085,908
Cash and cash equivalents at beginning of the year/period		7,630,233	3,995,146	9,055,098	9,055,098	10,152,782
Effects of exchange rate changes on cash and cash equivalents		120,086	50,779	143,182	61,188	(55,119)
Cash and cash equivalents at end of the year/period	28	3,995,146	9,055,098	10,152,782	7,748,213	11,183,571

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 General information**

OmniVision Integrated Circuits Group, Inc. (previously known as Will Semiconductor Co., Ltd. Shanghai) (the “Company”) was incorporated in Shanghai, People’s Republic of China (the “PRC”) on May 15, 2007 as a joint stock company under the laws of the PRC with limited liability. The address of its registered office is 7/F, Building C, Block 1, No. 3000 Longdong Avenue, China (Shanghai) Pilot Free Trade Zone. The Company has its primary listing on The Shanghai Stock Exchange with the stock code of 603501.

The Company and its subsidiaries (collectively, the “Group”), are principally engaged in design, development and sale of integrated circuits (“ICs”).

2 Material accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by IASB.

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing this Historical Financial Information, the Group has consistently adopted all applicable new and revised IFRSs that are effective during the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in note 2.1 (ii).

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies have been applied consistently to all periods presented in the Historical Financial Information.

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities – measured at fair value, and
- contingent consideration – measured at fair value.

(ii) New and amended standards and interpretations not yet adopted

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.1 Basis of preparation—continued****(ii) New and amended standards and interpretations not yet adopted—continued**

New and amendments to IFRS Accounting Standards issued but not yet effective

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 Accounting Standards	Annual Improvements to IFRS Accounting Standards ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after January 1, 2026

² Effective for annual periods beginning on or after January 1, 2027

³ The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. The adoption of IFRS 18 will not affect the recognition or measurement of items in the consolidated financial statements. It mainly has impacts on presentation and disclosure of income and expenses and adds new disclosure requirement on management-defined performance measures within the consolidated financial statements. So far, the Group considers that the impact of these new and amended standards on the Group's results of operations and financial position will not be material.

2.2 Principles of consolidation and equity accounting**(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.2 Principles of consolidation and equity accounting—continued****(i) Subsidiaries—continued**

evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests (“NCI”) in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, statements of changes in equity and statements of financial position, respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

(iii) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.11.

(iv) Changes in ownership interests

The Group treats transactions with NCI that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and NCI to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.2 Principles of consolidation and equity accounting—continued****(iv) Changes in ownership interests—continued**

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified permitted by applicable IFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any NCI in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any NCI in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.3 Business combinations—continued**

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as of the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.6 Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Renminbi (RMB), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.6 Foreign currency translation—continued****(ii) Transactions and balances—continued**

equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognized in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.6 Foreign currency translation—continued****(iv) Disposal of foreign operation and partial disposal—continued**

operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to NCI and are not recognized in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical costs less accumulated depreciation and accumulated impairment charge. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Freehold land	Indefinite
Buildings	20-40 years
Machinery	2-10 years
Vehicles	3-5 years
Equipment	3-5 years
Property and land improvements	Over the shorter of the lease term or the estimated useful life - 1-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.8 Investment properties—continued**

transaction costs and where applicable borrowing costs. Subsequently, they are measured using the cost model.

2.9 Goodwill

Goodwill is measured as described in note 2.3. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units (“CGUs”) that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 5).

2.10 Intangible assets**(i) Trademarks, licenses and others**

Separately acquired trademarks, licenses and others are shown at historical cost. Trademarks, licenses and others acquired in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

(ii) Internally generated technology

Costs associated with fundamental research and improvement of the existing products are recognized as an expense as incurred. Development costs that are directly attributable to the design of products are recognized as development expenditure where the following criteria are met:

- it is technically feasible to complete the technology so that it will be available for use
- management intends to complete the technology and use or sell it
- there is an ability to use or sell the product
- it can be demonstrated how the product will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the chip mainly include employee costs and materials used for development.

Development expenditure is recorded as intangible assets and amortized from the point at which the product is ready for mass production.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.10 Intangible assets—continued****(iii) Research and development**

Research and development expenditure that do not meet the criteria in (ii) above are recognized as an expense as incurred. Development expenditure previously recognized as an expense are not recognized as an asset in a subsequent period.

(iv) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	3-10 years
Technology	1-10 years
Trademark	10 years
Internally generated technology	3-10 years
Distribution network	5 years
Emission	5 years
Licenses	3-5 years

2.11 Impairment of non-financial assets

Goodwill, intangible assets that have an indefinite useful life and development expenditure not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Investments and other financial assets**(i) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.12 Investments and other financial assets—continued****(i) Classification—continued**

the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.12 Investments and other financial assets—continued****(iii) Measurement—continued***Debt instruments—continued*

method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment charges are presented as separate line item in the consolidated statements of comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statements of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment loss on financial assets

The Group recognizes a loss allowance for expected credit loss ("ECL") (as defined on note 3.1 (ii)) on financial assets which are subject to impairment under IFRS 9 "Financial Instruments". The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognizes lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current conditions at the reporting date as well as the forecast of future conditions at the reporting date, including time value of money where appropriate.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.12 Investments and other financial assets—continued****(iv) Impairment loss on financial assets—continued**

For other financial instrument, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a default occurring in the financial instrument as of the date of initial recognition. In making the assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.12 Investments and other financial assets—continued****(iv) Impairment loss on financial assets—continued**

Significant increase in credit risk—continued

Definition of default—(Continued)

unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that defaults has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account of legal advice where appropriate. A Write-off constitutes a derecognition event. Any subsequent recoveries made are recognized in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flow that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);
- Past-due status;
- Mature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continued to share similar credit risk characteristics.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.13 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.14 Inventories

Work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory related to analog ICs and other ICs on the basis of weighted average costs and individual items of inventory related to complementary metal oxide semiconductor image sensor (“CIS”) and display ICs on the basis of first-in first-out method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Trade receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment if that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortized cost, using the effective interest method less allowance for credit losses.

2.16 Cash and cash equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Share capital and shares held by the Company

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.17 Share capital and shares held by the Company—continued**

shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 180 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are derecognized when the obligation specified in the contract is extinguished, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance costs.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Borrowing costs are expensed in the period in which they are incurred.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.20 Current and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.21 Employee benefits****(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(ii) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which are under the defined contribution plans.

(a) Subsidiaries in Chinese Mainland

The Group's employees of companies in Chinese Mainland participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period or the cost of relevant assets.

(b) Subsidiaries in United States of America ("USA")

As for the pension insurance for Group's employees of companies in USA, according to the 401(k) Plan, the subsidiaries may, at its discretion, pay the basic pension insurance for employees at a rate not exceeding 3% of the employees' eligible remuneration, provided that the employees' contribution is not less than 1% of the employees' eligible remuneration. The Group calculates the amount of contribution payable, recognizes it as employee benefits payable and includes it in profit or loss according to the provisions of the 401(k) Plan in the period in which the service has been rendered by the employees. In addition, the USA subsidiaries bear no other payment obligations.

(c) Subsidiaries in Singapore and other countries

The Group pays fixed contributions into a local separate fund which is responsible to pay pensions and other post-retirement benefits to the retired employees. The amount of contribution payable calculated based on the defined contribution plan is recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss or the cost of relevant assets.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.21 Employee benefits—continued****(iii) Profit-sharing and bonus plans**

The Group recognizes a liability and an expense for profit-sharing and bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

2.22 Share-based payments

Share-based compensation benefits are provided to employees via the Company's share-based incentive plan including share options and restricted shares. Information relating to these schemes is set out in note 45.

Share options

The fair value of the options granted under the Company's share-based incentive plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by making reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining as an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Restricted shares

The fair value of restricted shares granted to employees is recognized as an expense over the relevant service period. The fair value is measured at the difference between share price at grant date and the grant price and is recognized in equity in capital reserves. The number of shares expected to

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.22 Share-based payments—continued**

vest is estimated based on the non-market vesting conditions. The estimates are revised at the end of each reporting period and adjustments are recognized in profit or loss and capital reserves.

Where shares are forfeited due to a failure by the employee to satisfy the service or performance conditions, any expenses previously recognized in relation to such shares are reversed with effect from the date of the forfeiture. The Company has obligation to repurchase the restricted shares at the grant price if the restricted shares are forfeited.

2.23 Provisions

Provisions for legal claims, uncertain taxes and make goods obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

2.24 Revenue recognition

Revenue is recognized to depict the transfer of goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("transaction price").

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.24 Revenue recognition—continued**

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.

Revenue is recognized either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

Further details of the Group's revenue recognition policies are as follows:

(i) Sales of goods

The Group designs, develops and sells a range of ICs, including CIS, display ICs, analog ICs and other ICs. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some of the contracts between the Group and its customers include arrangements for sales rebates and sales discounts, and some contracts that provide customers with a right to return within a specified period, resulting in variable consideration. Accumulated experience is used to estimate and provide for variable consideration, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued**

(included in trade and other payables) is recognized for expected sales rebate payable to customers in relation to sales made until the end of the reporting period.

As receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Provision of services

The Group provides integrated circuit design or development service to external parties. For those contracts that the Group does not has an enforceable right to payment for performance completed to date, the contract is recognized at a point in time when the services are provided and accepted by the customers.

(iii) Financing components

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

2.25 Earnings per share**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.26 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognized as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognized in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.27 Leases**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as of the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**2 Material accounting policies—continued****2.30 Interest income**

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see note 7 below.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see note 11 below. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

- (i) Market risk
- (a) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of the Company is RMB whereas functional currency of the subsidiaries is determined based on the primary economic environment in which they operate. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The Group operates mainly in the PRC, USA and Singapore with most of the transactions settled in RMB and USD, management considers that the business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group are denominated in the currencies other than the respective functional currencies of the Group's entities.

- (b) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent from changes in market interest rates and the Group has no significant interest-bearing assets except for cash and cash equivalents and restricted cash, details of which have been disclosed in note 28, respectively.

The Group's exposure to changes in interest rates is more attributable to its borrowings, details of which have been disclosed in note 29. Borrowings carried at floating rates expose the Group to cash

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3 Financial risk management—continued****3.1 Financial risk factors—continued****(i) Market risk—continued****(b) Cash flow and fair value interest rate risk—continued**

flow interest-rate risk whereas those carried at fixed rates expose the Group to fair value interest-rate risk. As of December 31, 2022, 2023 and 2024 and June 30, 2025, if the interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the Track Record Period would have been approximately RMB10.2 million, RMB0.6 million RMB4.8 million and RMB6.8 million lower/higher, respectively.

(c) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statements of financial position either as at FVOCI (note 22) or at FVPL (note 23).

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board.

The table below summarizes the impact of increases/decreases of the equity instruments held by the Group on the equity and post-tax profit for the period. The analysis is based on the assumption that the price of the equity instruments held by the Group had increased or decreased by 20% with all other variables held constant, and that all of the Group's equity instruments moved in line with the change.

<u>Increase or decrease by 20%</u>	<u>As of December 31,</u>			<u>As of June 30,</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Impact on post-tax profit	506,311	600,200	542,250	579,272
Impact on other components of equity	289,554	265,969	278,835	282,903

The table shows what would be the impact on post-tax profit relating to equity securities at FVPL and the impact on other components of equity relating to equity securities at FVOCI.

(ii) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables and financial assets included in other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

Risk management

Credit risk is managed on a Group basis. All cash and cash equivalents were placed with state-owned banks and financial institutions in the PRC and reputable international banks and financial institutions in US. For the other financial assets, the Group has policies in place to ensure that the credit period granted to the customers and the credit quality of these customers are assessed, which

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3 Financial risk management—continued****3.1 Financial risk factors—continued****(ii) Credit risk—continued**

takes into account their financial position, past experience and available forward-looking information. In addition, The Group has policies in place to ensure that settlement of trade receivables is followed up on a timely basis. At the end of the reporting period, the Group reviews the recoverable amount of each material individual debt to ensure that adequate expected credit losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk.

*Impairment of financial assets**Trade receivables*

The Group applied the IFRS 9 simplified approach to measure ECLs which uses a lifetime expected loss allowance for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and aging periods.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2022, 2023 and 2024 and June 30, 2025, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic products and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

As of December 31 and June 30, the loss allowance that was collectively assessed for trade receivables was as follows:

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2022					
—Expected loss rate	5.00%	73.83%	80.34%	99.76%	8.18%
—Gross carrying amount	2,629,659	1,983	15,590	77,537	2,724,769
—Loss allowance	131,521	1,464	12,525	77,353	222,863
December 31, 2023					
—Expected loss rate	5.02%	21.92%	79.71%	96.74%	7.26%
—Gross carrying amount	4,191,503	60,328	1,799	93,355	4,346,985
—Loss allowance	210,547	13,226	1,434	90,307	315,514
December 31, 2024					
—Expected loss rate	5.00%	20.43%	50.44%	97.06%	7.42%
—Gross carrying amount	4,115,628	36,404	45,718	84,021	4,281,771
—Loss allowance	205,796	7,436	23,058	81,549	317,839
June 30, 2025					
—Expected loss rate	5.00%	20.11%	50.28%	97.03%	7.28%
—Gross carrying amount	4,623,996	29,378	62,835	83,208	4,799,417
—Loss allowance	231,282	5,908	31,593	80,735	349,518

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**3 Financial risk management—continued****3.1 Financial risk factors—continued****(ii) Credit risk—continued**

The loss allowances for trade receivables as of December 31 and June 30 reconcile to the opening loss allowances as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening loss allowance	257,164	222,863	315,514	317,839
Change in the allowance recognized in profit or loss	(34,841)	90,968	11,666	32,864
Receivables written off during the year/period as				
uncollectible	(6,124)	(63)	(11,467)	(398)
Business combination	—	216	—	—
Disposal of subsidiaries	(1,940)	—	—	(118)
Exchange differences	8,604	1,530	2,126	(669)
Closing loss allowance	<u>222,863</u>	<u>315,514</u>	<u>317,839</u>	<u>349,518</u>

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 1 year past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortized cost

For other financial assets at amortized cost include notes receivables, other receivables and long-term receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and available forward-looking information.

The Group applies the general approach in calculating ECLs, where the Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as of the reporting date with the risk of default as of the date of initial recognition. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 3 months past due.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3).

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.1 Financial risk factors—continued

(ii) Credit risk—continued

As of December 31, 2022, 2023 and 2024 and June 30, 2025, except for other receivables of RMB3.0 million, RMB3.0 million, nil and nil are classified as Stage 3, other financial assets at amortized cost are classified as Stage 1. There is no change in stage during the Track Record Period.

The loss allowances for other financial assets at amortized cost as of December 31, reconcile to the opening loss allowances as follows:

	Notes receivables	Other receivables	Long-term receivables	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	731	8,251	—	8,982
Change in the allowance recognized in profit or loss	(64)	(541)	—	(605)
Disposal of subsidiaries	—	(12)	—	(12)
Exchange differences	—	285	—	285
As of December 31, 2022	667	7,983	—	8,650
Change in the allowance recognized in profit or loss	(427)	(401)	713	(115)
Business combination	—	35	—	35
Exchange differences	—	45	—	45
Closing loss allowance of December 31, 2023	240	7,662	713	8,615
Change in the allowance recognized in profit or loss	11	437	(713)	(265)
Receivables written off during the year as uncollectible	—	(3,000)	—	(3,000)
Exchange differences	—	24	—	24
As of December 31, 2024	251	5,123	—	5,374
Change in the allowance recognized in profit or loss	45	1,485	—	1,530
Exchange differences	—	(15)	—	(15)
As of June 30, 2025	296	6,593	—	6,889

Net impairment losses on financial and contract assets recognized in profit or loss

During the year, the following gains/(losses) were recognized in profit or loss in relation to impaired financial assets:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss allowance for trade receivables	34,841	(90,968)	(11,666)	(15,726)	(32,864)
Loss allowance for other financial assets at amortized cost	605	115	265	680	(1,530)
	35,446	(90,853)	(11,401)	(15,046)	(34,394)

(iii) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.1 Financial risk factors—continued

(iii) Liquidity risk—continued

obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate cash and cash equivalents.

Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents (note 28) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group, in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring statements of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The tables below analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, because the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2022						
Borrowings	7,685,241	2,712,986	85,324	—	10,483,551	10,217,382
Convertible bonds	14,600	36,499	2,769,049	—	2,820,148	2,346,778
Trade and other payables	2,157,429	168,051	—	—	2,325,480	2,325,480
Lease liabilities	71,372	54,556	80,904	22,216	229,048	211,468
Total	<u>9,928,642</u>	<u>2,972,092</u>	<u>2,935,277</u>	<u>22,216</u>	<u>15,858,227</u>	<u>15,101,108</u>
As of December 31, 2023						
Borrowings	5,541,608	2,269,509	732,971	77,100	8,621,188	8,351,385
Convertible bonds	36,495	43,794	2,724,934	—	2,805,223	2,443,920
Trade and other payables	2,875,089	—	—	—	2,875,089	2,875,089
Financial liabilities at FVPL	100,000	190,000	—	—	290,000	271,520
Lease liabilities	69,225	55,359	62,027	11,665	198,276	185,857
Total	<u>8,622,417</u>	<u>2,558,662</u>	<u>3,519,932</u>	<u>88,765</u>	<u>14,789,776</u>	<u>14,127,771</u>
As of December 31, 2024						
Borrowings	3,702,738	2,892,434	624,611	25,125	7,244,908	7,041,081
Convertible bonds	43,791	2,724,760	—	—	2,768,551	2,523,927
Trade and other payables	3,120,852	—	—	—	3,120,852	3,120,852
Financial liabilities at FVPL	100,000	95,000	—	—	195,000	187,790
Lease liabilities	72,474	46,387	54,321	5,267	178,449	163,101
Total	<u>7,039,855</u>	<u>5,758,581</u>	<u>678,932</u>	<u>30,392</u>	<u>13,507,760</u>	<u>13,036,751</u>
As of June 30, 2025						
Borrowings	5,128,966	2,128,108	339,994	—	7,597,068	7,440,034
Convertible bonds	43,784	2,675,707	—	—	2,719,491	2,535,614

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.1 Financial risk factors—continued

(iii) Liquidity risk—continued

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	4,122,524	—	—	—	4,122,524	4,122,524
Financial liabilities at FVPL	100,000	95,000	—	—	195,000	191,380
Lease liabilities	72,525	32,548	61,306	21,365	187,744	168,334
Total	<u>9,467,799</u>	<u>4,931,363</u>	<u>401,300</u>	<u>21,365</u>	<u>14,821,827</u>	<u>14,457,886</u>

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt as per note 46 divided by equity attributable to owners of the Company.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the gearing ratio of the Group is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt	8,780,482	1,926,064	(424,673)	(1,039,589)
Equity attributable to owners of the Company	18,019,225	21,450,826	24,201,185	26,192,896
Gearing ratio (%)	<u>48.73%</u>	<u>8.98%</u>	<u>Not applicable</u>	<u>Not applicable</u>

The net debt to equity ratio decreased as a result of the issuance under GDR (see note 38) and tighter monitoring of inventories, which has resulted in an increase of operating cash flows and cash held by the Group at the end of the reporting period.

3.3 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2022, 2023 and 2024 and June 30, 2025:

As of December 31, 2022	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at FVPL				
—Listed securities	217,746	248,850	—	466,596

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.3 Fair value estimation—continued

As of December 31, 2022	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
—Private companies	—	—	449,946	449,946
—Investment funds	—	—	2,051,063	2,051,063
—Convertible bonds	—	—	10,692	10,692
Financial assets at FVOCI				
—Listed securities	1,696,089	—	—	1,696,089
—Private companies	—	—	7,171	7,171
—Bank acceptance bill	—	162,829	—	162,829
Total financial assets	1,913,835	411,679	2,518,872	4,844,386
As of December 31, 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
—Listed securities	243,154	46,396	—	289,550
—Private companies	—	—	489,371	489,371
—Investment funds	—	—	2,619,846	2,619,846
—Convertible bonds	—	—	11,332	11,332
—Structured deposits	—	—	120,490	120,490
Financial assets at FVOCI				
—Listed securities	1,556,674	—	—	1,556,674
—Private companies	—	—	7,850	7,850
—Bank acceptance bill	—	162,682	—	162,682
Total financial assets	1,799,828	209,078	3,248,889	5,257,795
Financial liabilities				
Financial liabilities at FVPL				
—Contingent consideration	—	—	271,520	271,520
As of December 31, 2024	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
—Listed securities	4,205	—	—	4,205
—Private companies	—	—	644,445	644,445
—Investment funds	—	—	2,698,106	2,698,106
Financial assets at FVOCI				
—Listed securities	1,642,153	—	—	1,642,153
—Private companies	—	—	6,554	6,554
—Bank acceptance bill	—	116,383	—	116,383
Total financial assets	1,646,358	116,383	3,349,105	5,111,846
Financial liabilities				
Financial liabilities at FVPL				
—Contingent consideration	—	—	187,790	187,790

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.3 Fair value estimation—continued

As of June 30, 2025	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at FVPL				
—Listed securities	4,566	53,007	—	57,573
—Private companies	—	—	645,698	645,698
—Investment funds	—	—	2,861,685	2,861,685
Financial assets at FVOCI				
—Listed securities	1,666,224	—	—	1,666,224
—Private companies	—	—	6,554	6,554
—Bank acceptance bill	—	104,191	—	104,191
Total financial assets	<u>1,670,790</u>	<u>157,198</u>	<u>3,513,937</u>	<u>5,341,925</u>
Financial liabilities				
Financial liabilities at FVPL				
—Contingent consideration	<u>—</u>	<u>—</u>	<u>191,380</u>	<u>191,380</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and the Group's financial liabilities, including borrowing, trade and other payables approximate to their fair values due to their short maturities.

The level 3 instruments mainly include investments in private companies, investment funds, convertible bonds, structured deposits and contingent consideration. As these instruments are not trade in an active market, their fair values have been determined using various applicable methodologies.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.3 Fair value estimation—continued

The following table presents the changes in level 3 financial instruments for the Track Record Period:

	Financial assets					Financial liabilities
	Private companies	Investment funds	Convertible bonds	Structured deposits	Total	Contingent consideration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	179,758	1,432,617	—	—	1,612,375	—
Addition	366,780	918,500	10,518	—	1,295,798	—
Disposal	(185,502)	(376,322)	—	—	(561,824)	—
Changes in fair value	96,081	76,268	174	—	172,523	—
As of December 31, 2022	457,117	2,051,063	10,692	—	2,518,872	—
Addition	1,500	412,900	—	381,963	796,363	256,000
Business combination	—	—	—	25,130	25,130	—
Disposal	(14,990)	(22,923)	—	(287,811)	(325,724)	—
Changes in fair value	53,594	178,806	640	1,208	234,248	15,520
As of December 31, 2023	497,221	2,619,846	11,332	120,490	3,248,889	271,520
Addition	64,768	114,000	—	30,000	208,768	—
Disposal	—	(52,436)	—	(151,359)	(203,795)	(100,000)
Changes in fair value	89,010	16,696	(11,332)	869	95,243	16,270
As of December 31, 2024	650,999	2,698,106	—	—	3,349,105	187,790
Addition	—	198,000	—	210,000	408,000	—
Disposal	—	(51,852)	—	(210,311)	(262,163)	—
Changes in fair value	1,253	17,431	—	311	18,995	3,590
As of June 30, 2025	652,252	2,861,685	—	—	3,513,937	191,380

For investments in private companies, investment funds, convertible bonds and structured deposits, the Group determines the fair value through counterparties' quotations and valuation techniques, etc. Valuation techniques include discounted cash flow analysis and the market comparison approach, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as liquidity discount, net asset value, expected return rate, etc. The quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

	Fair value	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
	RMB'000			
Private companies (i)				
December 31, 2022	457,117	Discount for lack of marketability ("DLOM")	28.90%	The higher the DLOM, the lower the fair value
December 31, 2023	497,221		15.50%~26.30%	
December 31, 2024	650,999		13.31%	
June 30, 2025	652,252		13.31%	
Investment funds (ii)				
December 31, 2022	2,051,063	Net asset value ("NAV")	RMB0.9627~RMB3.6063	The higher the net asset value, the higher the fair value
December 31, 2023	2,619,846		RMB0.9176~RMB4.7076	
December 31, 2024	2,698,106		RMB0.9219~RMB4.3498	
June 30, 2025	2,861,685		RMB0.9070~RMB11.9668	

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.3 Fair value estimation—continued

	Fair value RMB'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
Convertible bonds				
December 31, 2022 .	10,692	Expected return rate ("ERR")	5.00%	The higher the expected return rate, the higher the fair value
December 31, 2023 .	11,332		5.00%	
Structured deposits				
December 31, 2023 .	120,490	ERR	1.30%~2.95%	The higher the expected return rate, the higher the fair value

- (i) The fair value of certain private companies is determined by recent transaction price approach, which require market information of recent transactions, such as recent fund-raising transactions undertaken by the investees.
- (ii) The Group invested in limited partnership investment funds with limited life and the investment fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The fair value of investment funds is calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the fund agreement.

For the fair value of the Group's level 3 instruments, namely the investment in investment funds, reasonably possible changes to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	As of December 31,						As of June 30,	
	2022		2023		2024		2025	
	Changes in fair value (in RMB'000)							
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Private companies								
— DLOM (5% movement) . . .	(146)	149	(4,997)	5,034	(52)	49	(52)	49
Investment funds								
— NAV (5% movement)	102,553	(102,553)	130,992	(130,992)	134,905	(134,905)	143,084	(143,084)
Convertible bonds								
— ERR (5% movement)	9	(9)	35	(35)	NA	NA	NA	NA
Structured deposits								
— ERR (5% movement)	NA	NA	25	(25)	NA	NA	NA	NA

For contingent consideration, the Group determines the fair value based on estimation of completion of performance condition. Management considered that any reasonable changes would not result in a significant change in the Group's results.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**4 Critical accounting estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will likely differ from actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that might have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions, see note 3.3.

(ii) Estimation of goodwill impairment

The Group tests goodwill for impairment on an annual basis. For the reporting periods, the recoverable amount of CGUs was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in note 21. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Details of impairment charge, key assumptions and impact of possible changes in key assumptions are disclosed in note 21.

(iii) Income tax and deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgement is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the tax determination is made.

A deferred tax asset is recognized for the carry forward of unused deductible tax losses to the extent that it is probable that future taxable profits will be available against which the deductible tax losses can be utilized. Future taxable profits include taxable profits that can be achieved through normal operations and the increase in taxable profits due to the reversal of taxable temporary differences arising from previous period in future period. The Group needs to apply estimates and judgement in determining the timing and amount of future taxable profits. If there is any difference between the actual and the estimates, adjustment would be made to the carrying amount of deferred tax assets.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**4 Critical accounting estimates and judgments—continued****(iv) Valuation of inventories – estimation of obsolescence provision**

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time period, therefore it may cause material adjustments.

(v) Revenue recognition – estimation of variable consideration

The Group estimates variable consideration related to sales discounts, sales rebates and sales return based on historical experience and other known factors at the time of sale, which reduces the revenue. In assessing the aforementioned variable consideration, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officers and the vice presidents of the Group that make strategic decisions.

The Group has the following reportable segments of semiconductor design and sale ("Design") and semiconductor distribution ("Distribution") for the Track Record Period.

The CODM assess the performance of the operating segments mainly based on revenue, gross profit and net profit of each operating segment. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statements of comprehensive income. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the CODM.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5 Segment information—continued

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025 is as follows:

	Year ended December 31, 2022			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	15,697,315	5,104,067	(761,133)	20,040,249
Gross profit	4,460,631	284,243	(3,577)	4,741,297
Net profit	917,414	35,584	(2,002)	950,996
Depreciation and amortization	(995,020)	(39,235)	—	(1,034,255)
Share-based payments	(263,499)	(7,818)	—	(271,317)
Finance costs	(480,151)	(15,863)	2,126	(493,888)
Finance income	27,617	1,827	(2,126)	27,318
Share of post-tax losses of equity accounted associates	(46,286)	—	—	(46,286)
Income tax expense	(337,334)	(5,767)	353	(342,748)

	Year ended December 31, 2023			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	17,982,921	4,684,872	(1,683,534)	20,984,259
Gross profit	3,971,981	244,739	(33,224)	4,183,496
Net profit	467,503	48,428	28,019	543,950
Depreciation and amortization	(1,118,399)	(35,884)	—	(1,154,283)
Share-based payments	28,778	2,754	—	31,532
Finance costs	(524,786)	(11,163)	1,947	(534,002)
Finance income	90,799	7,053	(1,948)	95,904
Share of post-tax losses of equity accounted associates	(38,830)	—	—	(38,830)
Income tax expense	(147,553)	4,874	(4,944)	(147,623)

	Year ended December 31, 2024			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	21,755,950	6,477,310	(2,526,441)	25,706,819
Gross profit	6,959,047	275,539	4,604	7,239,190
Net profit	3,210,486	60,889	7,266	3,278,641
Depreciation and amortization	(1,256,998)	(25,696)	—	(1,282,694)
Share-based payments	(237,631)	(7,925)	—	(245,556)
Goodwill impairment	(237,495)	—	—	(237,495)
Finance costs	(324,580)	(3,314)	1,193	(326,701)
Finance income	325,270	6,184	(1,193)	330,261
Share of post-tax losses of equity accounted associates	(33,277)	—	—	(33,277)
Income tax benefit	16,667	(9,551)	(1,282)	5,834

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5 Segment information—continued

(Unaudited)

	Six months ended June 30, 2024			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	10,493,814	2,819,666	(1,219,837)	12,093,643
Gross profit	3,264,797	147,077	(4,060)	3,407,814
Net profit	1,317,409	45,048	(1,543)	1,360,914
Depreciation and amortization	(588,457)	(13,360)	—	(601,817)
Share-based payments	(132,584)	(4,428)	—	(137,012)
Finance costs	(168,351)	(2,098)	932	(169,517)
Finance income	138,549	3,021	(932)	140,638
Share of post-tax gains of equity accounted associates	8,629	—	—	8,629
Income tax expense	(131,911)	(10,042)	272	(141,681)

	Six months ended June 30, 2025			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	11,728,597	4,443,299	(2,227,753)	13,944,143
Gross profit	4,035,128	175,697	(84,778)	4,126,047
Net profit	2,023,657	72,586	(75,850)	2,020,393
Depreciation and amortization	(624,558)	(11,897)	—	(636,455)
Share-based payments	(104,133)	(3,451)	—	(107,584)
Finance costs	(148,816)	(711)	—	(149,527)
Finance income	189,603	4,588	—	194,191
Share of post-tax losses of equity accounted associates	(3,960)	—	—	(3,960)
Income tax expense	(174,886)	(10,156)	13,385	(171,657)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

6 Revenue

The Group derives revenues from the sale of goods and provision of services at a point in time in the following revenue streams:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Product type					
—Semiconductor design and sales	16,407,485	17,940,324	21,640,361	10,417,988	11,572,020
Advanced digital imaging solution	13,674,521	15,535,502	19,190,118	9,311,834	10,345,665
Display solution	1,470,539	1,250,431	1,028,218	471,692	459,424
Analog solution	1,262,425	1,154,391	1,422,025	634,462	766,931
—Semiconductor distribution	3,564,810	2,970,084	3,938,917	1,632,782	2,314,116
—Technical service	62,477	56,057	90,515	19,187	54,041
—Others	5,477	17,794	37,026	23,686	3,966
	<u>20,040,249</u>	<u>20,984,259</u>	<u>25,706,819</u>	<u>12,093,643</u>	<u>13,944,143</u>
Revenue recognition point:					
—At a point in time	<u>20,040,249</u>	<u>20,984,259</u>	<u>25,706,819</u>	<u>12,093,643</u>	<u>13,944,143</u>

- (i) The major customers which contributed more than 10% of total revenue are listed as below:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Customer A	24.80%	29.98%	27.76%	23.66%	25.80%
Customer B	<u>10.01%</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>	<u>Not applicable</u>

All the revenues derived from other single customer were less than 10% of the Group's total revenues during the reporting period.

- (ii) The amount of its revenue breakdown by location is shown in the table below:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Chinese Mainland	3,353,680	2,920,323	3,844,407	1,610,930	2,200,436
Hong Kong	2,446,852	3,081,081	5,672,789	2,850,723	3,019,146
Singapore	13,377,652	14,081,254	15,239,222	7,146,953	8,240,397
Other countries and regions	862,065	901,601	950,401	485,037	484,164
	<u>20,040,249</u>	<u>20,984,259</u>	<u>25,706,819</u>	<u>12,093,643</u>	<u>13,944,143</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

6 Revenue—continued

(iii) Liabilities related to contracts with customers

Contract liabilities	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Goods	29,373	37,056	52,501	33,673
Services	95,997	149,725	173,172	170,791
Total contract liabilities	<u>125,370</u>	<u>186,781</u>	<u>225,673</u>	<u>204,464</u>

(a) Revenue recognized in relation to contract liabilities

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue recognized that was included in the contract liabilities balance at the beginning of the period					
Goods	58,215	19,969	28,766	26,634	44,110
Services	33,148	17,584	25,228	10,863	41,391
	<u>91,363</u>	<u>37,553</u>	<u>53,994</u>	<u>37,497</u>	<u>85,501</u>

(b) Unsatisfied long-term service contracts

The aggregate amount of unsatisfied (or partially satisfied) performance obligations resulting from fixed-price long-term service contracts were approximately RMB78.4 million, RMB124.5 million, RMB100.9 million and RMB126.5 million as of December 31, 2022, 2023, 2024 and June 30, 2025, respectively. Management expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period will be recognized within three years from the end of each reporting period. All other service contracts are for periods of one year or less and the Group does not disclose the transaction price allocated to these unsatisfied contracts.

7 Other income

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Rental income	37,931	36,382	23,819	13,921	11,672
Rental cost	(13,597)	(9,434)	(11,646)	(4,408)	(4,325)
Rental income, net	24,334	26,948	12,173	9,513	7,347
Dividend (i)	11,915	9,254	25,549	10,402	18,031
Government grants	82,497	59,697	59,192	12,319	33,471
	<u>118,746</u>	<u>95,899</u>	<u>96,914</u>	<u>32,234</u>	<u>58,849</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

7 Other income—continued

(i) Dividends are received from financial assets measured at FVPL and at FVOCI.

8 Expenses by nature

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Changes in inventories of finished goods and work in progress . . .		(4,276,675)	5,901,909	(873,487)	(535,998)	(1,147,412)
Materials used for production and processing charges		17,265,079	9,596,750	17,831,182	8,556,458	10,203,957
Write-down of inventory to net realizable value	24,32	1,409,229	363,800	324,872	122,595	120,301
Employee benefits expenses	9	2,839,116	2,424,002	3,153,933	1,484,564	1,635,006
Depreciation and amortization . . .		1,022,882	1,146,411	1,275,485	598,165	632,886
Professional service fee		375,813	321,415	320,982	177,266	151,720
Audit fee		2,780	2,780	2,780	1,574	1,574
Licenses fee		172,336	232,056	265,048	128,020	139,139
Material used for research and development		527,963	396,477	247,784	148,596	190,092
Impairment of goodwill	21	—	—	237,495	—	—
Impairment of development expenditure	20	22,982	5,312	63,679	10,342	3,039
Impairment of intangible assets . .	19	—	—	21,566	—	15,258
Office expenses		94,569	64,776	91,534	42,869	69,894
Utilities		48,137	72,420	78,544	36,627	32,862
Lease expenses		39,776	38,150	46,961	18,695	22,901
Taxes and surcharges		24,579	32,522	40,368	19,603	17,755
Bank charges		9,953	6,977	22,941	8,058	10,980
Travel expenses		17,536	37,630	35,085	19,869	23,515
Marketing expenses		24,077	25,558	27,039	10,241	10,013
Entertainment expenses		22,884	27,303	22,950	10,250	10,657
Other expenses		173,934	166,372	167,425	52,664	54,239
		<u>19,816,950</u>	<u>20,862,620</u>	<u>23,404,166</u>	<u>10,910,458</u>	<u>12,198,376</u>

For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, development costs amounting to RMB683.8 million, RMB692.5 million, RMB623.2 million, RMB326.4 million and RMB359.7 million were capitalized in development expenditure, respectively.

9 Employee benefits expenses

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind		2,567,799	2,455,534	2,908,377	1,347,552	1,527,422
Share-based payments	45	271,317	(31,532)	245,556	137,012	107,584
		<u>2,839,116</u>	<u>2,424,002</u>	<u>3,153,933</u>	<u>1,484,564</u>	<u>1,635,006</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9 Employee benefits expenses—continued

As the performance condition in third tranche of 2020 share option and restricted shares and second tranche of 2021 share option and restricted shares and first tranche of 2022 share option was not expected to be met, the related share-based payments were not recognized since January 1, 2022 and previously recognized share-based payments amounting to RMB54.5 million was reversed in the year ended December 31, 2022.

As the performance condition in third tranche of 2021 share option and restricted shares and second and third tranche of 2022 share option was not expected to be met, the related share-based payments were not recognized since January 1, 2023 and previously recognized share-based payment amounting to RMB92.0 million was reversed in the year ended December 31, 2023.

(i) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include 1, nil, nil, nil and nil director during the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, respectively, and their emoluments are reflected in the analysis shown in note 9(ii). The emoluments payable to the remaining 4, 5, 5, 5 and 5 individuals during the year ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Salaries, allowances and benefits in kind	13,128	23,865	26,585	12,224	10,955
Share-based payments	12,379	(431)	6,235	3,102	1,807
	<u>25,507</u>	<u>23,434</u>	<u>32,820</u>	<u>15,326</u>	<u>12,762</u>

The emoluments fell within the following bands:

	Number of individuals				
	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Emolument bands (in RMB):					
RMB2,000,001—RMB4,000,000	—	2	—	5	5
RMB4,000,001—RMB6,000,000	1	1	2	—	—
RMB6,000,001—RMB8,000,000	3	2	2	—	—
RMB8,000,001—RMB10,000,000	—	—	1	—	—
	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9 Employee benefits expenses—continued

(ii) Benefits and interests of directors

The emoluments in respect of each of the directors paid/payable by the Group for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025 are as follows:

	Year ended December 31, 2022			
	Director's fee	Salaries, allowances and benefits in kind	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Yu Renrong	—	1,106	—	1,106
Mr. Jia Yuan	—	1,126	233	1,359
Mr. Yang Hongli (a)	—	4,362	8,211	12,573
Mr. Wu Xiaodong (b)	—	142	141	283
Mr. Ji Gang	—	1,842	185	2,027
Mr. Lyu Dalong	—	—	—	—
Mr. Chen Zhibin	—	—	—	—
Independent non-executive directors				
Mr. Wang Haifeng (c)	62	—	—	62
Mr. Wu Xingjun	120	—	—	120
Mr. Hu Renyu	120	—	—	120
Mr. Zhu Liting (d)	59	—	—	59
	<u>361</u>	<u>8,578</u>	<u>8,770</u>	<u>17,709</u>
	Year ended December 31, 2023			
	Director's fee	Salaries, allowances and benefits in kind	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Yu Renrong	—	1,112	—	1,112
Mr. Jia Yuan	—	589	111	700
Mr. Wu Xiaodong	—	1,307	(522)	785
Mr. Ji Gang (e)	—	839	(239)	600
Ms. Qiu Huanping (f)	—	275	60	335
Mr. Lyu Dalong	—	—	—	—
Mr. Chen Zhibin	—	—	—	—
Independent non-executive directors				
Mr. Wu Xingjun	120	—	—	120
Mr. Hu Renyu	120	—	—	120
Mr. Zhu Liting	120	—	—	120
	<u>360</u>	<u>4,122</u>	<u>(590)</u>	<u>3,892</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9 Employee benefits expenses—continued

	Year ended December 31, 2024			
	Director's fee	Salaries, allowances and benefits in kind	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Yu Renrong	—	2,267	—	2,267
Mr. Jia Yuan	—	589	1,606	2,195
Mr. Wu Xiaodong	—	2,871	803	3,674
Ms. Qiu Huanping	—	1,477	241	1,718
Mr. Lyu Dalong	—	—	—	—
Mr. Chen Zhibin	—	—	—	—
Independent non-executive directors				
Mr. Wu Xingjun	135	—	—	135
Mr. Hu Renyu	135	—	—	135
Mr. Zhu Liting	135	—	—	135
	<u>405</u>	<u>7,204</u>	<u>2,650</u>	<u>10,259</u>

(Unaudited)

	Six months ended June 30, 2024			
	Director's fee	Salaries, allowances and benefits in kind	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Yu Renrong	—	1,144	—	1,144
Mr. Jia Yuan	—	379	897	1,276
Mr. Wu Xiaodong	—	1,561	449	2,010
Ms. Qiu Huanping	—	808	135	943
Mr. Lyu Dalong	—	—	—	—
Mr. Chen Zhibin	—	—	—	—
Independent non-executive directors				
Mr. Wu Xingjun	60	—	—	60
Mr. Hu Renyu	60	—	—	60
Mr. Zhu Liting	60	—	—	60
	<u>180</u>	<u>3,892</u>	<u>1,481</u>	<u>5,553</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9 Employee benefits expenses—continued

	Six months ended June 30, 2025			
	Director's fee	Salaries, allowances and benefits in kind	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors				
Mr. Yu Renrong	—	1,236	—	1,236
Mr. Jia Yuan	—	378	868	1,246
Mr. Wu Xiaodong	—	1,316	315	1,631
Ms. Qiu Huanping	—	804	120	924
Mr. Lyu Dalong	—	—	—	—
Mr. Chen Zhibin	—	—	—	—
Independent non-executive directors				
Mr. Wu Xingjun (g)	67	—	—	67
Mr. Hu Renyu (g)	67	—	—	67
Mr. Zhu Liting	75	—	—	75
Mr. Mou Lei (h)	8	—	—	8
Ms. Fan Mingxi (h)	8	—	—	8
	<u>225</u>	<u>3,734</u>	<u>1,303</u>	<u>5,262</u>

- (a) Mr. Yang Hongli resigned as an executive director of the Company on November 18, 2022
- (b) Mr. Wu Xiaodong was appointed as an executive director of the Company on November 18, 2022
- (c) Mr. Wang Haifeng resigned as an independent non-executive director of the Company on June 27, 2022
- (d) Mr. Zhu Liting was appointed as an independent non-executive director of the Company on June 27, 2022
- (e) Mr. Ji Gang resigned as an executive director of the Company on October 10, 2023
- (f) Ms. Qiu Huanping was appointed as an executive director of the Company on October 10, 2023
- (g) Mr. Wu Xingjun and Mr. Hu Renyu resigned as an independent non-executive director of the Company on June 10, 2025
- (h) Mr. Mou Lei and Ms. Fan Mingxi were appointed as an independent non-executive director of the Company on June 10, 2025

Except for benefits of directors disclosed above, there is no other benefit offered to the other directors.

(iii) Directors' retirement benefits and termination benefits

No director's retirement or termination benefit subsisted at the end of each period disclosed or at any time during the Track Record Period.

(iv) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available director's services subsisted at the end of each period disclosed or at any time during the Track Record Period.

(v) Information about borrowings, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and controlled entities with such directors

No borrowings, quasi-borrowings and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of each year disclosed or at any time during the Track Record Period.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**9 Employee benefits expenses—continued****(vi) Directors' material interest in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of each period disclosed or at any time during the Track Record Period.

10 Other gains/(losses), net

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net gains on disposal of long-term assets	6,786	1,582	7,166	3,581	9
Net gains on disposal of financial assets at FVPL	117,424	103,053	142,338	3,427	268
Net gains/(losses) on disposal of subsidiaries and associates	234,188	—	50,091	50,091	(369)
Deemed gains on disposal of subsidiaries and associates (i)	722,548	—	—	—	—
Dilution gains/(losses) of associates	—	128	(5,660)	—	—
Net fair value (losses)/gains on financial assets at FVPL	(221,236)	246,852	74,260	(88,617)	52,908
Net fair value losses on financial liabilities at FVPL	—	(15,520)	(16,270)	(2,650)	(3,590)
Net foreign exchange (losses)/gains	(117,431)	(11,736)	32,306	30,793	(27,271)
Others	3,067	24,928	6,920	(542)	(574)
	<u>745,346</u>	<u>349,287</u>	<u>291,151</u>	<u>(3,917)</u>	<u>21,381</u>

- (i) Deemed gain was due to the remeasurement of retained interest in the investment to its fair value as the Group loses control or significant influence of its subsidiaries or associates. Details of deemed gain on disposal of subsidiaries and associates were set out in note 12b and note 50.

11 Finance income and costs

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<i>Finance income</i>					
—Bank deposit interest income	<u>27,318</u>	<u>95,904</u>	<u>330,261</u>	<u>140,638</u>	<u>194,191</u>
<i>Finance costs</i>					
—Interests on borrowing	377,850	413,951	201,977	108,102	91,742
—Interests on convertible bonds	107,375	112,022	116,662	57,333	54,190
—Interests on lease liabilities	<u>8,663</u>	<u>8,029</u>	<u>8,062</u>	<u>4,082</u>	<u>3,595</u>
	<u>493,888</u>	<u>534,002</u>	<u>326,701</u>	<u>169,517</u>	<u>149,527</u>
Finance costs, net	<u>(466,570)</u>	<u>(438,098)</u>	<u>3,560</u>	<u>(28,879)</u>	<u>44,664</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

12a Subsidiaries

As of June 30, 2025, particulars of the principal subsidiaries are as follows:

Name of entity	% of ownership interest	Date of incorporation	Place of incorporation	Principal activities
OmniVision IC Group Co., Ltd. Shanghai	100%	July 2, 2021	PRC	Semiconductor design and sales
Will Semiconductor Limited	100%	August 12, 2008	Hong Kong	Semiconductor design and sales
Zhejiang Will Equity Investment Co., Ltd.	100%	June 15, 2020	PRC	Investment holding
Shaoxing Weihao Business Management Partnership (Limited Partnership)	100%	June 24, 2021	PRC	Investment holding
Hunan Silicon Internet of Things Technology Co., Ltd.	100%	December 31, 2020	PRC	Semiconductor design and sales
Shenzhen Jinghongzhi Logistics Co., Ltd.	100%	May 15, 2014	PRC	Agency and sales of electronic components
Shenzhen Jinghongzhi Electronics Co., Ltd.	100%	August 8, 2002	PRC	Agency and sales of electronic components
Beijing Jinghongzhi Technology Co., Ltd.	100%	September 10, 2001	PRC	Agency and sales of electronic components
HK Waching Electronic (Group) Limited	100%	September 5, 2006	Hong Kong	Agency and sales of electronic components
OmniVision Technology (Beijing) Limited Corp.	96.12%	September 28, 2004	PRC	Semiconductor design and sales
Superpix Technology (Hong Kong) Limited	96.12%	March 25, 2019	Hong Kong	Semiconductor design and sales
OmniVision Touch & Display Technology Pte. Ltd.	100%	June 8, 2021	Singapore	Semiconductor design and sales
OmniVision TDDI Ontario Limited Partnership	100%	June 9, 2021	Canada	Semiconductor design and sales
Beijing OmniVision Technologies Company Limited	100%	July 15, 2015	PRC	Semiconductor design and sales
OmniVision Semiconductor (Shanghai) Co., Ltd.	100%	January 19, 2001	PRC	Semiconductor design and sales
OmniVision Technologies, Inc.	100%	May 8, 1995	USA	Semiconductor design and sales
OmniVision Technologies Singapore Pte. Ltd.	100%	March 30, 2012	Singapore	Semiconductor design and sales
OmniVision International Ontario Limited Partnership	100%	January 10, 2020	Canada	Semiconductor design and sales

The English names of certain subsidiaries referred herein represent the management's best effort at translating the Chinese names of these companies as no English names have been registered.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**12a Subsidiaries—continued****(i) Non-controlling interests (NCI)**

There is no subsidiary that has NCI that are material to the Group.

(ii) Transaction with NCI

During the year ended December 31, 2022 and 2023, the Group acquired an additional 6.12% and 20.38% equity interests of OmniVision Celegix Sensor (Shanghai) Co., Ltd. for RMB31.1 million and RMB85.8 million, respectively. The effect on the equity attributable to the owners of the Company during the Track Record Period is summarized as follows:

	Year ended December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Consideration paid to NCI	31,131	85,820	—
Carrying amount of NCI acquired	(7,805)	(19,435)	—
Excess of consideration paid recognized in capital reserve within equity	23,326	66,385	—

There were no transactions with NCI during the year ended December 31, 2024. In March 2025, the Group entered into a share purchase agreement to acquire 40% equity interest of Shanghai Simpli Semiconductor, Co., Ltd. for consideration of RMB12.0 million. As of June 30, 2025, the Group prepaid RMB6.0 million and the transaction was completed in July 2025.

12b Investments accounted by equity method

There is no associate of the Group as of December 31, 2022, 2023 and 2024 and June 30, 2025 which, in the opinion of the directors, are material to the Group. Set out below are the associates of the Group as of December 31 and June 30.

Name of entity	Place of incorporation	% of ownership interest as of				Carrying amount as of			
		December 31,		June 30,		December 31,		June 30,	
		2022	2023	2024	2025	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jiangsu Weida Semiconductor Co., Ltd.	PRC	25.00	25.00	25.00	25.00	24,006	23,343	21,164	20,804
Shanghai Xinkai Integrated Circuit Co., Ltd.	PRC	39.00	39.00	39.00	39.00	24,507	31,698	28,491	27,729
Ningbo Xijiu Microelectronics Co., Ltd.	PRC	42.50	39.23	37.01	37.01	100,340	97,593	94,876	95,874
Xinghao Communication Technology (Zhejiang) Co., Ltd.	PRC	48.44	48.44	48.44	48.44	360,785	330,182	298,685	293,332
Shanghai Jingxin Haotong Semiconductor Technology Co., Ltd.	PRC	36.80	36.80	—	—	18,162	14,677	—	—
Shanghai Weicheng Apartment Management Co., Ltd.	PRC	30.00	30.00	30.00	30.00	715	2,625	2,771	752
Shanghai Pudong Haiwang Private Investment Funds Management Co., Ltd.	PRC	26.00	26.00	26.00	26.00	5,555	18,272	18,040	20,028
Total investments accounted by equity method						534,070	518,390	464,027	458,519

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

12b Investments accounted by equity method—continued

Reconciliation of the aggregate carrying amounts from opening to closing balances for equity-accounted investments.

The Group	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Opening balance		51,077	534,070	518,390	464,027
Addition	(i)	552,381	23,399	—	—
Disposal	(ii)	(22,693)	—	(14,678)	(1,350)
Share of operating losses		(46,286)	(38,830)	(33,277)	(3,960)
Share of other comprehensive (expenses)/income		(409)	(377)	(748)	162
Dividend		—	—	—	(360)
Dilution gains/(losses)		—	128	(5,660)	—
Closing balance		534,070	518,390	464,027	458,519

- (i) During the year ended December 31, 2022, the Group lost control over certain subsidiaries which were re-classified as investment accounted by equity method, based on fair value of remaining equity interests on the date that the Group lost control. Details of disposal of subsidiaries were set out in note 50.
- (ii) During the year ended December 31, 2022, the Group lost significant influence over an associate by transferring partial equity interests held by the Group to other investors and capital injection by new investors and the retained interest was remeasured to its fair value on disposal date. The disposal gains of RMB169.6 million and the deemed disposal gains of RMB308.8 million were recognized.

The Company	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Opening balance		964,137	1,474,325	1,467,221	1,442,026
Addition		468,626	23,400	—	82,800
Disposal		(15,114)	—	(14,677)	—
Share of operating (losses)/gains		(76,761)	(45,886)	(25,775)	2,434
Share of other comprehensive (expenses)/ income		(409)	(377)	(748)	162
Dilution gains		141,175	15,759	16,005	5,359
Others	(i)	(7,329)	—	—	—
Closing balance		1,474,325	1,467,221	1,442,026	1,532,781

- (i) During the year ended December 31, 2022, the Company lost control over one subsidiary which were accounted as equity-accounted investment from the beginning in the Company's separate financial statements.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

12c Investments accounted by cost method

The Company	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
OmniVision IC Group Co., Ltd. Shanghai	369,986	565,028	617,013	633,607
Will Semiconductor Limited	134,672	135,431	141,641	144,044
Zhejiang Will Equity Investment Co., Ltd.	500,000	500,000	500,000	500,000
Shaoxing Weihao Business Management Partnership (Limited Partnership)	475,000	475,000	475,000	475,000
Hunan Silicon Internet of Things Technology Co., Ltd.	—	1,154,844	1,161,894	1,161,894
Beijing Jinghongzhi Technology Co., Ltd.	657,827	655,101	662,710	666,052
OmniVision Technology (Beijing) Limited Corp.	244,990	244,931	248,656	252,661
Beijing OmniVision Technologies Company Limited	13,695,322	13,683,312	13,840,083	13,909,280
Other subsidiaries	3,779,195	3,865,772	4,489,209	4,788,936
	<u>19,856,992</u>	<u>21,279,419</u>	<u>22,136,206</u>	<u>22,531,474</u>

Reconciliation of the aggregate carrying amounts from opening to closing balances for cost-accounted investments.

The Company	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	19,429,840	19,856,992	21,279,419	22,136,206
Addition	337,622	1,452,334	627,177	484,273
Share-based payments	260,994	(29,907)	229,610	100,995
Disposal	(171,464)	—	—	(190,000)
Closing balance	<u>19,856,992</u>	<u>21,279,419</u>	<u>22,136,206</u>	<u>22,531,474</u>

13 Income tax expense/(benefit)

(i) PRC corporate income tax ("CIT")

Provision made on the estimated assessable profits of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits from refunds and allowances. The Company's subsidiaries incorporated in the Chinese Mainland are generally subject to corporate income tax rate of 25%.

Certain subsidiaries of the Company in the Chinese Mainland were approved as High and New Technology Enterprise or Advanced Technology Service Enterprise, and they were subject to a preferential corporate income tax rate of 15% for the reporting periods.

Moreover, according to announcement and circular issued by relevant government authorities, a subsidiary enjoys preferential tax for integrated circuit enterprises that from the profit-making year, the corporate income tax will be exemptible for the first two years and half rate reduction for the next subsequent three years.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**13 Income tax expense/(benefit)—continued****(i) PRC corporate income tax (“CIT”)—continued**

In addition, certain subsidiaries of the Company were entitled to other tax concessions, mainly including the preferential tax rate of 15% applicable to some subsidiaries located in certain areas of the Chinese Mainland upon fulfillment of certain requirements of the respective local governments.

(ii) Hong Kong

The subsidiaries of the Company incorporated in Hong Kong are generally subject to Hong Kong profits tax at a rate of 16.5%.

(iii) USA

A subsidiary of the Company incorporated in Delaware, USA is subject to the federal corporate income tax rate of 21.00% and the corporate income tax rate applicable in California of 8.84%.

In accordance with the income tax law of the USA, the income obtained by a foreign subsidiary controlled by an US-based company that exceeds the regular rate of return on certain tangible assets is subject to the global intangible low-taxed income tax (“GILTI Tax”). GILTI Tax is an anti-tax avoidance measure, which levies tax on “low-taxed” income obtained outside the USA by a foreign subsidiary controlled by a US-based parent company at the federal corporate income tax rate of 21.00% as per the new tax law. Considering other tax preferential policies, the effective tax rate of GILTI tax is between 10.50% and 21.00%.

(iv) Singapore

Entities incorporated in Singapore are subject to Singapore corporate income tax rate of 17%. As approved by the Singapore Economic Development Board, subsidiaries of the Company incorporated in Singapore can enjoy the reduced income tax rate of 10% or 10.5% for the reporting periods.

(v) CIT in other jurisdictions

The subsidiaries of the Company incorporated in other countries and regions calculate their corporate income tax according to relevant local tax laws.

(a) Income tax expense

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current income tax	291,627	213,389	(28,902)	154,513	351,525
Deferred income tax	51,121	(65,766)	23,068	(12,832)	(179,868)
Income tax expense/(benefit)	<u>342,748</u>	<u>147,623</u>	<u>(5,834)</u>	<u>141,681</u>	<u>171,657</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 Income tax expense/(benefit)—continued

(v) CIT in other jurisdictions—continued

(b) Reconciliation of income tax expense

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of 15% for the Track Record Period, being the tax rate of the major subsidiaries of the Group. The difference is analyzed as follows:

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax		1,293,744	691,573	3,272,807	1,502,595	2,192,050
Tax calculated at a tax rate of 15% . .		194,062	103,736	490,921	225,389	328,807
Difference in subsidiaries' tax rates		105,850	98,548	(176,597)	(68,180)	(242,503)
Effect of change in the tax rates		15,537	—	—	—	—
Research and development tax credit	1	(113,362)	(96,669)	(126,946)	(15,828)	(67,609)
Income not subject to tax		(47,852)	1,253	(1,018)	(1,897)	(1,041)
Costs, expenses and losses not deductible for tax purposes		20,507	10,526	47,583	702	3,230
GILTI Tax		80,125	59,510	168,122	40,888	92,915
Uncertain taxes		47,635	(53,885)	(504,426)	(46,197)	33,555
Adjustments for current tax of prior periods		11,360	21,879	7,951	(1,620)	(15,983)
Utilization of previously unrecognized tax losses		(333)	(8,539)	(2,263)	54	(9,087)
Deductible temporary differences or tax losses for which no deferred tax asset was recognized		32,175	23,518	27,262	12,350	5,448
Others	2	(2,956)	(12,254)	63,577	(3,980)	43,925
Income tax expense/(benefit)		<u>342,748</u>	<u>147,623</u>	<u>(5,834)</u>	<u>141,681</u>	<u>171,657</u>

1) Accounting for research and development tax credit

Certain subsidiaries within the Group are entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure under the research and development tax incentive regime. The Group accounts for these allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognized for unclaimed tax credits that are carried forward as deferred tax assets.

Certain subsidiaries of the Company located in the Chinese Mainland are eligible to claim super research and development tax deductions which provide permanent tax benefits to those entities.

2) Pillar Two income taxes

Effective January 1, 2025, the European Union, Singapore, and Hong Kong jurisdictions in which the Group operates, implemented the Pillar Two rules as issued by the Organization for

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**13 Income tax expense/(benefit)—continued**

- (v) CIT in other jurisdictions—continued
- (b) Reconciliation of income tax expense—continued
- 2) Pillar Two income taxes—continued

Economic Co-operation and Development (OECD). These rules introduce a 15% minimum effective tax rate under the Global Anti-Base Erosion (GloBE) framework. Where the jurisdictional GloBE effective tax rate falls below the minimum, a top-up tax is levied to bridge the difference. For the six months ended June 30, 2025, the Group estimated a top-up tax of RMB45.2 million, and recognized the amount as current tax expense. In line with the temporary mandatory exception, the Group has not recognized or disclosed deferred tax assets and liabilities related to Pillar Two taxes.

- (c) Amounts recognized directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognized in net profit or loss or other comprehensive income but directly debited or credited to equity:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Share-based payments	<u>709</u>	<u>(20,762)</u>	<u>23,311</u>	<u>1,252</u>	<u>14,810</u>

The share-based payments could be deducted as employees' benefit for tax purpose. The tax impact related to the share-based payments deducted for tax exceed the share-based payments recognized in profit or loss is directly recognized in equity.

- (d) Unrecognized deferred tax assets

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Unused tax losses	1	859,610	968,031	1,348,064	1,342,075
Deductible temporary differences		<u>662,382</u>	<u>725,003</u>	<u>803,337</u>	<u>851,601</u>
		<u>1,521,992</u>	<u>1,693,034</u>	<u>2,151,401</u>	<u>2,193,676</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**13 Income tax expense/(benefit)—continued**

- (v) CIT in other jurisdictions—continued
- (d) Unrecognized deferred tax assets—continued
- 1) Unused tax losses

The unused tax losses were incurred by certain subsidiaries that is not likely to generate taxable income in the foreseeable future, and the following table sets out the expiring date of unused tax losses. See note 31 for information about recognized tax losses and note 4(iii) for related significant judgments applied.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023	191	—	—	—
2024	4,622	3,290	—	—
2025	101,453	97,515	103,735	165,355
2026	101,891	103,068	135,459	188,715
2027	65,350	71,140	63,614	56,718
2028	92,428	132,211	156,085	138,918
2029	89,153	89,153	134,334	128,288
2030 and beyond	404,522	471,654	754,837	664,081
	<u>859,610</u>	<u>968,031</u>	<u>1,348,064</u>	<u>1,342,075</u>

14 Earnings per share

- (i) Earnings per share

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB	RMB	RMB	RMB (Unaudited)	RMB
Basic earnings per share	0.83	0.47	2.77	1.14	1.69
Diluted earnings per share	<u>0.83</u>	<u>0.47</u>	<u>2.76</u>	<u>1.14</u>	<u>1.68</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14 Earnings per share—continued

(ii) Reconciliations of earnings used in calculating earnings per share

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<i>Basic earnings per share</i>					
Profit as presented in the consolidated statements of comprehensive income	950,996	543,950	3,278,641	1,360,914	2,020,393
Less: profit attributable to NCI	31,734	11,801	38,941	6,099	7,487
Less: dividends paid to restricted shares	(475)	(189)	—	—	—
Profit attributable to the ordinary shareholders of the Company used in calculating basic earnings per share	<u>982,255</u>	<u>555,562</u>	<u>3,317,582</u>	<u>1,367,013</u>	<u>2,027,880</u>
<i>Diluted earnings per share</i>					
Profit attributable to the ordinary shareholders of the Company used in calculating basic earnings per share	982,255	555,562	3,317,582	1,367,013	2,027,880
Add: dividends paid to restricted shares	79	—	—	—	—
Profit attributable to the ordinary shareholders of the Company used in calculating diluted earnings per share	<u>982,334</u>	<u>555,562</u>	<u>3,317,582</u>	<u>1,367,013</u>	<u>2,027,880</u>

(iii) Weighted average number of shares used as the denominator

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
				(Unaudited)	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,176,853,980	1,182,443,074	1,198,505,903	1,199,036,367	1,200,822,514
Adjustments for calculation of diluted earnings per share:					
Share option	<u>1,344,672</u>	<u>270,495</u>	<u>2,068,782</u>	<u>1,369,493</u>	<u>4,254,215</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>1,178,198,652</u>	<u>1,182,713,569</u>	<u>1,200,574,685</u>	<u>1,200,405,860</u>	<u>1,205,076,729</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**14 Earnings per share—continued****(iii) Weighted average number of shares used as the denominator—continued**

In July 2022, the Company adopted stock dividend by issuing 3.5 share per 10 shares to all shareholders of the Company, and the earnings per share was calculated as if the stock dividend occurred as of January 1, 2022.

Share options and restricted shares

Share options granted to employees under the 2019 and 2023 share-based incentive plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required index would have been met based on the Company's performance up to the reporting date, and to the extent to which they are dilutive. The share options and restricted shares have not been included in the determination of basic earnings per share.

Other share options and restricted shares are not included in the calculation of diluted earnings per share because they are antidilutive for the reporting period. These share options and restricted shares could potentially dilute basic earnings per share in the future.

Convertible bonds

The convertible bonds are not included in the calculation of diluted earnings per share because they are antidilutive for the reporting periods. The convertible bonds could potentially dilute basic earnings per share in the future.

15 Property, plant and equipment**The Group**

	Freehold land	Buildings	Machinery	Vehicles	Equipment	Property and land improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022							
Cost	220,918	973,627	1,588,734	6,936	139,619	198,781	3,128,615
Accumulated depreciation	—	(104,762)	(833,001)	(3,866)	(81,877)	(71,258)	(1,094,764)
Impairment	—	—	(41,637)	(6)	(2,152)	—	(43,795)
Net book amount	220,918	868,865	714,096	3,064	55,590	127,523	1,990,056
Year ended December 31, 2022							
Opening net book amount	220,918	868,865	714,096	3,064	55,590	127,523	1,990,056
Additions	—	—	39,477	—	22,619	3,344	65,440
Transfer	—	5,918	314,633	—	9,459	39,241	369,251
Business combinations	—	—	1,190	—	—	—	1,190
Disposal	—	—	(13,313)	—	(642)	(129)	(14,084)
Disposal of subsidiaries	—	—	(4,605)	(14)	(354)	—	(4,973)
Depreciation charge	—	(29,296)	(277,517)	(819)	(27,669)	(32,457)	(367,758)
Exchange differences	20,405	65,511	56,334	182	2,932	5,397	150,761
Closing net book amount	241,323	910,998	830,295	2,413	61,935	142,919	2,189,883

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

15 Property, plant and equipment—continued

	Freehold land	Buildings	Machinery	Vehicles	Equipment	Property and land improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2022							
Cost	241,323	1,054,116	2,007,117	6,928	176,689	251,665	3,737,838
Accumulated depreciation	—	(143,118)	(1,135,194)	(4,509)	(112,622)	(108,746)	(1,504,189)
Impairment	—	—	(41,628)	(6)	(2,132)	—	(43,766)
Net book amount	241,323	910,998	830,295	2,413	61,935	142,919	2,189,883
Year ended December 31, 2023							
Opening net book amount	241,323	910,998	830,295	2,413	61,935	142,919	2,189,883
Additions	—	—	44,790	—	14,698	3,695	63,183
Transfer	—	418,444	405,920	157	8,736	28,243	861,500
Business combinations	—	—	1,121	29	969	—	2,119
Disposal	—	—	(684)	(30)	(391)	—	(1,105)
Depreciation charge	—	(32,329)	(320,025)	(757)	(31,136)	(37,562)	(421,809)
Exchange differences	4,092	13,140	11,855	30	397	1,113	30,627
Closing net book amount	245,415	1,310,253	973,272	1,842	55,208	138,408	2,724,398
As of December 31, 2023							
Cost	245,415	1,487,900	2,459,779	6,581	200,713	264,964	4,665,352
Accumulated depreciation	—	(177,647)	(1,444,880)	(4,733)	(143,375)	(126,556)	(1,897,191)
Impairment	—	—	(41,627)	(6)	(2,130)	—	(43,763)
Net book amount	245,415	1,310,253	973,272	1,842	55,208	138,408	2,724,398
Year ended December 31, 2024							
Opening net book amount	245,415	1,310,253	973,272	1,842	55,208	138,408	2,724,398
Additions	—	—	33,198	472	16,644	7,231	57,545
Transfer	—	16,212	929,215	—	14,797	2,325	962,549
Disposal	—	—	(14,749)	(81)	(1,601)	—	(16,431)
Depreciation charge	—	(42,565)	(411,510)	(668)	(30,947)	(31,864)	(517,554)
Exchange differences	3,663	11,992	15,115	21	350	1,120	32,261
Closing net book amount	249,078	1,295,892	1,524,541	1,586	54,451	117,220	3,242,768
As of December 31, 2024							
Cost	249,078	1,518,674	3,373,167	6,782	223,069	264,788	5,635,558
Accumulated depreciation	—	(222,782)	(1,807,081)	(5,190)	(166,545)	(147,568)	(2,349,166)
Impairment	—	—	(41,545)	(6)	(2,073)	—	(43,624)
Net book amount	249,078	1,295,892	1,524,541	1,586	54,451	117,220	3,242,768
Six months ended June 30, 2025							
Opening net book amount	249,078	1,295,892	1,524,541	1,586	54,451	117,220	3,242,768
Additions	—	—	5,968	—	13,622	402	19,992
Transfer	—	86,801	363,499	27	5,737	1,293	457,357
Disposal	—	—	—	(5)	(10)	—	(15)
Depreciation charge	—	(23,278)	(234,738)	(343)	(14,137)	(13,165)	(285,661)
Exchange differences	(1,033)	(3,603)	(4,646)	(5)	(81)	(310)	(9,678)
Closing net book amount	248,045	1,355,812	1,654,624	1,260	59,582	105,440	3,424,763
As of June 30, 2025							
Cost	248,045	1,601,062	3,726,098	6,685	241,162	197,626	6,020,678
Accumulated depreciation	—	(245,250)	(2,029,929)	(5,419)	(179,507)	(92,186)	(2,552,291)
Impairment	—	—	(41,545)	(6)	(2,073)	—	(43,624)
Net book amount	248,045	1,355,812	1,654,624	1,260	59,582	105,440	3,424,763

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

15 Property, plant and equipment—continued

Refer to note 48 for information on non-current assets pledged as security by the Group.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, certain machineries were used for lease and the rental income of RMB6,763,000, RMB2,306,000, RMB244,000 and nil along with related depreciation charge of RMB4,403,000, RMB782,000, RMB98,000 and nil for the Track Record Period were recognized in other income on a net basis, respectively.

The Company

	Machinery	Vehicles	Equipment	Property and land improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022					
Cost	84,272	402	16,199	26,380	127,253
Accumulated depreciation	(36,324)	(350)	(6,720)	(15,867)	(59,261)
Net book amount	47,948	52	9,479	10,513	67,992
Year ended December 31, 2022					
Opening net book amount	47,948	52	9,479	10,513	67,992
Additions	41,118	—	373	22,801	64,292
Disposal	(11,689)	—	(30)	—	(11,719)
Depreciation charge	(17,698)	(32)	(2,827)	(11,051)	(31,608)
Closing net book amount	59,679	20	6,995	22,263	88,957
As of December 31, 2022					
Cost	111,251	402	15,965	49,181	176,799
Accumulated depreciation	(51,572)	(382)	(8,970)	(26,918)	(87,842)
Net book amount	59,679	20	6,995	22,263	88,957
Year ended December 31, 2023					
Opening net book amount	59,679	20	6,995	22,263	88,957
Additions	13,029	—	23	—	13,052
Disposal	—	(20)	—	—	(20)
Depreciation charge	(19,921)	—	(2,518)	(9,461)	(31,900)
Closing net book amount	52,787	—	4,500	12,802	70,089
As of December 31, 2023					
Cost	124,282	—	15,987	31,737	172,006
Accumulated depreciation	(71,494)	—	(11,488)	(18,935)	(101,917)
Net book amount	52,788	—	4,499	12,802	70,089
Year ended December 31, 2024					
Opening net book amount	52,788	—	4,499	12,802	70,089
Additions	11,825	—	73	—	11,898
Disposal	(4,980)	—	(374)	—	(5,354)
Depreciation charge	(17,758)	—	(1,919)	(10,088)	(29,765)
Closing net book amount	41,875	—	2,279	2,714	46,868
As of December 31, 2024					
Cost	127,360	—	12,811	31,737	171,908
Accumulated depreciation	(85,485)	—	(10,532)	(29,023)	(125,040)
Net book amount	41,875	—	2,279	2,714	46,868

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

15 Property, plant and equipment—continued

	<u>Machinery</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Property and land improvements</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Six months ended June 30, 2025					
Opening net book amount	41,875	—	2,279	2,714	46,868
Additions	831	—	138	—	969
Depreciation charge	(7,353)	—	(690)	(2,369)	(10,412)
Closing net book amount	<u>35,353</u>	<u>—</u>	<u>1,727</u>	<u>345</u>	<u>37,425</u>
As of June 30, 2025					
Cost	128,191	—	12,949	3,723	144,863
Accumulated depreciation	(92,838)	—	(11,222)	(3,378)	(107,438)
Net book amount	<u>35,353</u>	<u>—</u>	<u>1,727</u>	<u>345</u>	<u>37,425</u>

16 Assets under construction

	<u>Building</u>	<u>Facilities</u>	<u>Information system</u>	<u>Decoration</u>	<u>Machinery</u>	<u>Total</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>
As of January 1, 2022	12,863	4,742	2,505	22,246	139,688	182,044
Additions	25,330	125,957	20,481	10,186	482,179	664,133
Transfer to property, plant and equipment	—	(14,441)	(7,120)	(31,861)	(315,829)	(369,251)
Transfer to others	—	—	(8,964)	—	(611)	(9,575)
Exchange differences	2,052	4,700	399	—	18,634	25,785
As of December 31, 2022	40,245	120,958	7,301	571	324,061	493,136
Additions	413,488	18,744	12,108	—	822,860	1,267,200
Transfer to property, plant and equipment	(406,639)	(40,048)	(8,736)	—	(406,077)	(861,500)
Transfer to others	—	—	(4,173)	(477)	(152)	(4,802)
Exchange differences	540	1,940	120	—	7,160	9,760
As of December 31, 2023	47,634	101,594	6,620	94	747,852	903,794
Additions	129,254	2,863	10,684	—	449,189	591,990
Transfer to property, plant and equipment	—	(18,637)	(12,205)	—	(931,707)	(962,549)
Transfer to others	—	—	(4,389)	—	(1,995)	(6,384)
Exchange differences	662	1,338	32	—	4,909	6,941
As of December 31, 2024	177,550	87,158	742	94	268,248	533,792
Additions	78,740	12,538	20,222	—	490,643	602,143
Transfer to property, plant and equipment	—	(88,094)	(5,645)	—	(363,618)	(457,357)
Transfer to others	—	—	(15,318)	—	—	(15,318)
Exchange differences	(225)	(108)	(1)	—	(1,506)	(1,840)
As of June 30, 2025	<u>256,065</u>	<u>11,494</u>	<u>—</u>	<u>94</u>	<u>393,767</u>	<u>661,420</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17 Leases

(i) Amounts recognized in the consolidated statements of financial position

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
—Land-use right	364,946	377,286	368,997	362,107
—Building	204,828	171,268	150,268	150,850
—Machinery	1,072	839	309	259
—Vehicle	2,783	3,994	3,365	3,047
	<u>573,629</u>	<u>553,387</u>	<u>522,939</u>	<u>516,263</u>
Lease liabilities				
—Non-current	145,313	122,132	96,932	101,468
—Current	66,155	63,725	66,169	66,866
	<u>211,468</u>	<u>185,857</u>	<u>163,101</u>	<u>168,334</u>

Additions to the right-of-use assets for the Track Record Period were RMB216.8 million, RMB60.0 million, RMB54.4 million and RMB35.1 million, respectively.

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
—Building	34,702	21,589	33,094	25,290
Lease liabilities				
—Non-current	20,883	11,200	17,557	10,486
—Current	14,653	11,563	16,084	15,224
	<u>35,536</u>	<u>22,763</u>	<u>33,641</u>	<u>25,710</u>

(ii) Amounts recognized in the consolidated statements of comprehensive income

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets					
—Land use right	6,967	11,505	11,772	5,881	5,932
—Building	76,136	90,853	72,247	34,590	33,757
—Machinery	234	250	70	19	48
—Vehicle	585	1,095	1,232	581	650
	<u>83,922</u>	<u>103,703</u>	<u>85,321</u>	<u>41,071</u>	<u>40,387</u>
Interest expense (included in finance costs)	8,663	8,029	8,062	4,082	3,595
Expense relating to short-term or low value leases not included in lease liabilities	39,776	38,150	46,961	18,695	22,901

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**17 Leases—continued****(i) Amounts recognized in the consolidated statements of financial position—continued**

As of December 31, 2022, 2023 and 2024 and June 30, 2025, the land use right with cost of RMB170.8 million, RMB171.8 million, RMB172.7 million and RMB172.5 million were under construction for building and factory, and the related depreciation charge of RMB1.2 million, RMB5.3 million, RMB5.3 million and RMB2.7 million for the Track Record Period were recognized as assets under construction, respectively.

The total cash outflow in respect of lease payments for the Track Record Period were RMB119.3 million, RMB118.5 million, RMB130.2 million and RMB61.8 million, respectively.

18 Investment properties**The Group**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	252,272	253,042	247,469	241,663
Depreciation charge	(6,970)	(7,091)	(7,112)	(3,569)
Exchange differences	7,740	1,518	1,306	(362)
Closing balance	<u>253,042</u>	<u>247,469</u>	<u>241,663</u>	<u>237,732</u>

Amounts recognized in profit or loss for investment properties

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Rental income from operating leases	31,168	34,076	23,575	13,676	11,672
Direct operating expenses for properties	(9,194)	(8,653)	(11,548)	(4,311)	(4,325)
	<u>21,974</u>	<u>25,423</u>	<u>12,027</u>	<u>9,365</u>	<u>7,347</u>

The following fair value has been determined as of December 31 based on market approach, which were performed by an independent external valuer. The fair value was as follows:

	As of December 31,		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
Fair value	<u>495,741</u>	<u>495,250</u>	<u>491,228</u>

The management performed the fair value assessment as of June 30, 2025 and the estimated fair value changes for the six months ended June 30, 2025 was considered to be immaterial.

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	140,797	136,793	132,789	128,785
Depreciation charge	(4,004)	(4,004)	(4,004)	(2,002)
Closing balance	<u>136,793</u>	<u>132,789</u>	<u>128,785</u>	<u>126,783</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19 Intangible assets

The Group

	Software RMB'000	Technology RMB'000	Trademark RMB'000	Internally generated technology RMB'000	Distribution network RMB'000	Emission RMB'000	License RMB'000	Total RMB'000
As of January 1, 2022								
Cost	98,268	2,039,029	460,966	863,791	5,133	—	160,409	3,627,596
Accumulated amortization	(56,247)	(1,365,466)	(234,178)	(393,245)	(1,711)	—	(108,343)	(2,159,190)
Net book amount	42,021	673,563	226,788	470,546	3,422	—	52,066	1,468,406
Year ended December 31, 2022								
Opening net book amount	42,021	673,563	226,788	470,546	3,422	—	52,066	1,468,406
Additions	10,371	15,389	—	—	—	—	27,463	53,223
Transfer	9,013	—	—	—	—	—	—	9,013
Business combinations	—	64,790	—	—	—	—	—	64,790
Development expenditure	—	—	—	589,704	—	—	—	589,704
Disposal	—	(10,271)	—	—	—	—	—	(10,271)
Disposal of subsidiaries	—	—	—	(203)	—	—	—	(203)
Amortization charge	(20,722)	(187,190)	(47,973)	(281,241)	(1,787)	—	(37,914)	(576,827)
Exchange differences	924	30,320	12,116	53,513	223	—	3,731	100,827
Closing net book amount	41,607	586,601	190,931	832,319	1,858	—	45,346	1,698,662
As of December 31, 2022								
Cost	118,701	2,255,190	494,180	1,530,859	5,575	—	201,925	4,606,430
Accumulated amortization	(77,094)	(1,668,589)	(303,249)	(698,540)	(3,717)	—	(156,579)	(2,907,768)
Net book amount	41,607	586,601	190,931	832,319	1,858	—	45,346	1,698,662
Year ended December 31, 2023								
Opening net book amount	41,607	586,601	190,931	832,319	1,858	—	45,346	1,698,662
Additions	6,947	1,585	—	—	—	703	30,007	39,242
Transfer	4,325	—	—	—	—	—	—	4,325
Business combinations	2,026	321,740	46,430	—	—	—	—	370,196
Development expenditure	—	—	—	467,458	—	—	—	467,458
Amortization charge	(19,310)	(167,102)	(53,747)	(356,131)	(1,858)	(47)	(28,771)	(626,966)
Exchange differences	245	5,218	1,847	14,204	—	—	611	22,125
Closing net book amount	35,840	748,042	185,461	957,850	—	656	47,193	1,975,042

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19 Intangible assets—continued

	Software RMB'000	Technology RMB'000	Trademark RMB'000	Internally generated technology RMB'000	Distribution network RMB'000	Emission RMB'000	License RMB'000	Total RMB'000
As of December 31, 2023								
Cost	132,648	2,609,663	547,271	2,025,738	5,650	703	232,871	5,554,544
Accumulated amortization	(96,808)	(1,861,621)	(361,810)	(1,067,888)	(5,650)	(47)	(185,678)	(3,579,502)
Net book amount	35,840	748,042	185,461	957,850	—	656	47,193	1,975,042
Year ended December 31, 2024								
Opening net book amount	35,840	748,042	185,461	957,850	—	656	47,193	1,975,042
Additions	10,973	8,942	—	—	—	—	10,306	30,221
Transfer	4,389	—	—	—	—	—	—	4,389
Development expenditure	—	—	—	556,149	—	—	—	556,149
Disposal	(50)	—	—	—	—	—	—	(50)
Amortization charge	(22,332)	(151,293)	(92,052)	(393,441)	—	(141)	(18,761)	(678,020)
Impairment loss	—	—	—	(21,566)	—	—	—	(21,566)
Exchange differences	170	3,069	784	15,743	—	—	608	20,374
Closing net book amount	28,990	608,760	94,193	1,114,735	—	515	39,346	1,886,539
As of December 31, 2024								
Cost	147,035	2,646,599	485,253	2,617,560	—	703	243,770	6,140,920
Accumulated amortization	(118,045)	(2,037,839)	(391,060)	(1,481,015)	—	(188)	(204,424)	(4,232,571)
Impairment	—	—	—	(21,810)	—	—	—	(21,810)
Net book amount	28,990	608,760	94,193	1,114,735	—	515	39,346	1,886,539
Six months ended June 30, 2025								
Opening net book amount	28,990	608,760	94,193	1,114,735	—	515	39,346	1,886,539
Additions	181	1,436	—	—	—	—	4,788	6,405
Transfer	15,318	—	—	—	—	—	—	15,318
Development expenditure	—	—	—	319,220	—	—	—	319,220
Amortization charge	(10,485)	(65,626)	(24,079)	(199,295)	—	(515)	(9,492)	(309,492)
Impairment loss	—	—	—	(15,258)	—	—	—	(15,258)
Exchange differences	(77)	(716)	(113)	(4,954)	—	—	(148)	(6,008)
Closing net book amount	33,927	543,854	70,001	1,214,448	—	—	34,494	1,896,724
As of June 30, 2025								
Cost	162,043	2,640,130	483,572	2,925,095	—	—	122,683	6,333,523
Accumulated amortization	(128,116)	(2,096,276)	(413,571)	(1,673,720)	—	—	(88,189)	(4,399,872)
Impairment	—	—	—	(36,927)	—	—	—	(36,927)
Net book amount	33,927	543,854	70,001	1,214,448	—	—	34,494	1,896,724

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

The Company

	Software	Technology	Internally generated technology	License	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022					
Cost	40,958	365,920	15,321	3,867	426,066
Accumulated amortization	(18,042)	(244,400)	(9,448)	(1,182)	(273,072)
Net book amount	22,916	121,520	5,873	2,685	152,994
Year ended December 31, 2022					
Opening net book amount	22,916	121,520	5,873	2,685	152,994
Additions	707	—	—	16,294	17,001
Development expenditure	—	—	42,122	—	42,122
Disposal	—	(10,271)	—	—	(10,271)
Amortization charge	(7,653)	(104,697)	(14,686)	(5,039)	(132,075)
Closing net book amount	15,970	6,552	33,309	13,940	69,771
As of December 31, 2022					
Cost	41,665	353,718	57,443	20,161	472,987
Accumulated amortization	(25,695)	(347,166)	(24,134)	(6,221)	(403,216)
Net book amount	15,970	6,552	33,309	13,940	69,771
Year ended December 31, 2023					
Opening net book amount	15,970	6,552	33,309	13,940	69,771
Amortization charge	(4,866)	(3,381)	(14,431)	(13,833)	(36,511)
Closing net book amount	11,104	3,171	18,878	107	33,260
As of December 31, 2023					
Cost	41,665	353,718	57,443	18,867	471,693
Accumulated amortization	(30,561)	(350,547)	(38,565)	(18,760)	(438,433)
Net book amount	11,104	3,171	18,878	107	33,260
Year ended December 31, 2024					
Opening net book amount	11,104	3,171	18,878	107	33,260
Additions	7,159	—	—	—	7,159
Amortization charge	(7,542)	(1,523)	(11,622)	(107)	(20,794)
Closing net book amount	10,721	1,648	7,256	—	19,625
As of December 31, 2024					
Cost	48,824	353,718	57,443	18,867	478,852
Accumulated amortization	(38,103)	(352,070)	(50,187)	(18,867)	(459,227)
Net book amount	10,721	1,648	7,256	—	19,625
Six months ended June 30, 2025					
Opening net book amount	10,721	1,648	7,256	—	19,625
Amortization charge	(3,798)	(760)	(3,628)	—	(8,186)
Closing net book amount	6,923	888	3,628	—	11,439
As of June 30, 2025					
Cost	48,824	353,718	57,443	—	459,985
Accumulated amortization	(41,901)	(352,830)	(53,815)	—	(448,546)
Net book amount	6,923	888	3,628	—	11,439

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20 Development expenditure

	Advanced digital imaging solution	Display solution	Analog solution	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	616,977	19,048	42,122	678,147
Additions	646,094	37,669	—	683,763
Transfer to intangible assets (i)	(534,261)	(13,321)	(42,122)	(589,704)
Impairment loss (ii)	(22,982)	—	—	(22,982)
Exchange differences	60,385	955	—	61,340
As of December 31, 2022	766,213	44,351	—	810,564
Additions	647,838	44,691	—	692,529
Transfer to intangible assets (i)	(467,458)	—	—	(467,458)
Impairment loss (ii)	(5,312)	—	—	(5,312)
Exchange differences	13,905	395	—	14,300
As of December 31, 2023	955,186	89,437	—	1,044,623
Additions	586,119	37,088	—	623,207
Transfer to intangible assets (i)	(513,089)	(43,060)	—	(556,149)
Impairment loss (ii)	(9,437)	(54,242)	—	(63,679)
Exchange differences	14,974	499	—	15,473
As of December 31, 2024	1,033,753	29,722	—	1,063,475
Additions	349,748	9,995	—	359,743
Transfer to intangible assets (i)	(308,926)	(10,294)	—	(319,220)
Impairment loss (ii)	(3,039)	—	—	(3,039)
Exchange differences	(4,413)	(122)	—	(4,535)
As of June 30, 2025	1,067,123	29,301	—	1,096,424

- (i) Development expenditure is transferred to internal generated technology as intangible assets and amortized from the point at which the product is ready for mass production.
- (ii) Development expenditure as intangible assets not ready for use is subject to impairment test on annual basis in according to IAS36 “impairment of assets”. For the purpose of impairment review, the management conducted the periodic review of each development project as of balance sheet date and assessed any projects that did not progress as expected for impairment, based on value-in-use calculations. Based on the results of the impairment assessments, the impairment loss of RMB23.0 million, RMB5.3 million, RMB63.7 million and RMB3.0 million on the development expenditure was recognised for the Track Record Period. The key assumption used in value-in-use calculations included revenue growth rate and discount rate, which were the same as that for the goodwill impairment tests.

21 Goodwill

	Advanced digital imaging solution	Display solution	Analog solution	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	2,325,653	639,980	32,725	2,998,358
Business combination	—	162,372	—	162,372
Disposal of subsidiaries	—	—	(32,725)	(32,725)
Exchange differences	—	41,357	—	41,357
As of December 31, 2022	2,325,653	843,709	—	3,169,362
Business combination	—	—	681,235	681,235
Exchange differences	—	10,071	—	10,071
As of December 31, 2023	2,325,653	853,780	681,235	3,860,668
Impairment loss	—	(237,495)	—	(237,495)
Exchange differences	—	9,014	—	9,014
As of December 31, 2024	2,325,653	625,299	681,235	3,632,187
Exchange differences	—	(2,541)	—	(2,541)
As of June 30, 2025	2,325,653	622,758	681,235	3,629,646

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

21 Goodwill—continued

The Company's goodwill allocated to each of CGUs is expected to benefit from synergies of the business combination. Key assumptions used in impairment testing are as follows:

Impairment review on the goodwill and non-financial assets of the Group have been conducted by management as of December 31, 2022, 2023 and 2024 according to IAS 36 "impairment of assets". Accordingly, the Group performed impairment assessment for the non-financial assets, which mainly consist of property, plant and equipment (note 15), intangible assets (note 19), and development expenditure (note 20) of the Group for respective years. For the purpose of impairment review, the recoverable amount of the CGUs is determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from financial budgets approved by management covering a five-year period. The projected cash flows reflect the change in demand for products and services. The Group has engaged an independent external valuer for performing the goodwill impairment assessments.

Key assumptions

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Advanced digital imaging solution	Display solution	Analog solution
December 31, 2022			
Revenue (% annual growth rate)	6.33%-12.74%	-22.10%-38.33%	Not applicable
Terminal growth rate (%)	0%	0%	Not applicable
Pre-tax discount rate (%)	14.17%	11.96%	Not applicable
December 31, 2023			
Revenue (% annual growth rate)	6.15%-18.42%	6.18%-24.56%	9.73%-42.41%
Terminal growth rate (%)	0%	0%	0%
Pre-tax discount rate (%)	14.12%	10.49%	11.87%
December 31, 2024			
Revenue (% annual growth rate)	3.76%-6.48%	6.93%-25.49%	12.89%-32.09%
Terminal growth rate (%)	0%	0%	0%
Pre-tax discount rate (%)	13.60%	10.44%	13.14%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue	Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rates	Reflect specific risks relating to the relevant segments and the countries in which they operate.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**21 Goodwill—continued***Impairment charge*

The impairment charge of RMB237,495,000 arose in the display solution CGU. This was primarily because the recovery progress of the display ICs market did not meet the management's expectation. The Group reassessed the depreciation and amortization policies of its long-term assets for this CGU, and it estimated that their useful lives will not be affected. No class of asset other than goodwill was impaired. As of December 31, 2024, the recoverable amount of the display solution CGU was RMB1.1 billion.

Sensitivity to changes in assumptions

For advanced digital imaging solution, as of December 31, 2022, 2023 and 2024, the recoverable amount exceeded its carrying amount by approximately RMB3.8 billion, RMB6.3 billion and RMB8.1 billion, respectively. With regard to the assessment of value-in-use calculation, the management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

For display solution, as of December 31, 2022 and 2023, the recoverable amount exceeded its carrying amount by approximately RMB105.2 million and RMB61.0 million, respectively. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount shall still exceed its respective carrying amount by approximately RMB65.2 million and RMB31.0 million, respectively. If the pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB55.2 million and RMB21.0 million, respectively.

In addition, as of December 31, 2024, an impairment loss of RMB237.5 million was recognized, as the carrying amount exceeded its recoverable amount. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount would have been approximately RMB30.0 million lower. If the pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount would have been approximately RMB40.0 million lower.

For analog solution, as of December 31, 2023 and 2024, the recoverable amount exceeded its carrying amount by approximately RMB25.3 million and RMB33.1 million, respectively. If the budgeted revenue growth rate for each year during the forecast period used in value-in-use calculation had been decreased by 3%, the estimated recoverable amount shall still exceed its respective carrying amount by approximately RMB5.3 million and RMB12.1 million, respectively. If the pre-tax discount rate applied to the cash flow projection had been increased by 2%, the estimated recoverable amount shall still exceed its carrying amount by approximately RMB1.3 million and RMB10.1 million, respectively.

As of June 30 2025, the management was not aware of any significant adverse changes on the respective CGU that indicated the carrying amount of CGUs to exceed its recoverable amount. As a result, no impairment assessment as of June 30, 2025 was performed.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

22 Financial assets at FVOCI

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
—Listed securities	1,696,089	1,556,674	1,642,153	1,666,224
—Private companies	7,171	7,850	6,554	6,554
	<u>1,703,260</u>	<u>1,564,524</u>	<u>1,648,707</u>	<u>1,672,778</u>
Current assets				
—Bank acceptance bill	<u>162,829</u>	<u>162,682</u>	<u>116,383</u>	<u>104,191</u>

During the reporting period, the following gains/(losses) were recognized in profit or loss and other comprehensive income:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value (losses)/gains recognized in other comprehensive income	(491,908)	(138,736)	84,183	(221,763)	24,080
Dividends recognized in other income	4,793	2,200	5,053	5,117	2,699

Information about the Group's exposure to price risk is set out in note 3.1. Information about the methods and assumptions used in determining fair value is set out in note 3.3.

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
—Bank acceptance bill	<u>28,537</u>	<u>74,477</u>	<u>50,261</u>	<u>6,587</u>

23 Financial assets at FVPL

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
—Listed securities	466,596	289,550	4,205	57,573
—Private companies	449,946	489,371	644,445	645,698
—Investment funds	2,037,053	2,607,586	2,698,105	2,861,685
—Convertible bonds	10,692	11,332	—	—
	<u>2,964,287</u>	<u>3,397,839</u>	<u>3,346,755</u>	<u>3,564,956</u>
Current assets				
—Structured deposits	—	120,490	—	—
—Investment funds	<u>14,010</u>	<u>12,260</u>	<u>—</u>	<u>—</u>
	<u>14,010</u>	<u>132,750</u>	<u>—</u>	<u>—</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

23 Financial assets at FVPL—continued

During the reporting period, the following gains/(losses) were recognized in profit or loss:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Fair value (losses)/gains recognized in other gains/(losses), net	(221,236)	246,852	74,260	(88,617)	52,908
Disposal gains recognized in other gains/(losses), net	117,424	103,053	142,338	3,427	268
Dividends recognized in other income	7,122	7,054	20,496	5,285	15,332

Information about the Group's exposure to price risk is set out in note 3.1. Information about the methods and assumptions used in determining fair value is set out in note 3.3.

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
—Listed securities	362,780	237,351	—	—
—Private companies	397,432	438,261	579,611	580,865
—Investment funds	264,950	300,400	294,980	290,560
	<u>1,025,162</u>	<u>976,012</u>	<u>874,591</u>	<u>871,425</u>
Current assets				
—Investment funds	<u>14,010</u>	<u>12,260</u>	<u>—</u>	<u>—</u>

24 Inventories

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Work-in-progress	5,284,400	3,345,701	3,566,328	4,606,210
Finished goods	7,071,199	2,949,366	3,388,795	3,345,322
Technical service cost	698	26,544	1,075	2,592
	<u>12,356,297</u>	<u>6,321,611</u>	<u>6,956,198</u>	<u>7,954,124</u>

Write-downs of inventories to net realizable value amounted to RMB1,359.3 million, RMB398.2 million, RMB328.9 million and RMB128.5 million were recognized as an expense included in cost of sales for the Track Record Period, respectively.

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Work-in-progress	181,175	144,273	111,034	104,279
Finished goods	2,981	2,853	5,737	4,648
	<u>184,156</u>	<u>147,126</u>	<u>116,771</u>	<u>108,927</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

25 Trade and other receivables

The Group

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Notes receivable	(i)	23,417	25,430	24,402	76,014
Trade receivables	(ii)	2,501,906	4,031,471	3,963,932	4,449,899
Other receivables	(iii)	88,106	44,576	57,801	86,758
		<u>2,613,429</u>	<u>4,101,477</u>	<u>4,046,135</u>	<u>4,612,671</u>

(i) Notes receivable

		As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bill		10,737	20,870	19,633	70,382
Commercial acceptance bill		13,347	4,800	5,020	5,928
		<u>24,084</u>	<u>25,670</u>	<u>24,653</u>	<u>76,310</u>
Less: allowance for impairment		<u>(667)</u>	<u>(240)</u>	<u>(251)</u>	<u>(296)</u>
		<u>23,417</u>	<u>25,430</u>	<u>24,402</u>	<u>76,014</u>

(ii) Trade receivables

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from third parties		2,571,380	4,259,241	4,192,301	4,716,099
Trade receivables from related parties	51	153,389	87,744	89,470	83,318
		<u>2,724,769</u>	<u>4,346,985</u>	<u>4,281,771</u>	<u>4,799,417</u>
Less: allowance for impairment		<u>(222,863)</u>	<u>(315,514)</u>	<u>(317,839)</u>	<u>(349,518)</u>
		<u>2,501,906</u>	<u>4,031,471</u>	<u>3,963,932</u>	<u>4,449,899</u>

An aging analysis of trade receivables based on invoice date is as follows:

		As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
—Up to 1 year		2,498,137	3,980,957	3,909,831	4,392,714
—1 to 2 years		519	47,102	28,968	23,470
—2 to 3 years		3,065	365	22,660	31,242
—Over 3 years		185	3,047	2,473	2,473
		<u>2,501,906</u>	<u>4,031,471</u>	<u>3,963,932</u>	<u>4,449,899</u>

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

The Group applies the simplified approach under IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Details of the impairment of trade receivables and the Group's exposure to credit risk are disclosed in note 3.1.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

25 Trade and other receivables—continued

(iii) Other receivables

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables from third parties	96,089	52,238	62,913	93,351
Receivables from related parties	—	—	11	—
	96,089	52,238	62,924	93,351
Less: allowance for impairment	(7,983)	(7,662)	(5,123)	(6,593)
	<u>88,106</u>	<u>44,576</u>	<u>57,801</u>	<u>86,758</u>

Other receivables by nature is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits	16,608	15,830	29,741	29,565
Tax recoverable	21,539	12,197	13,507	17,661
Temporary payments	7,109	3,727	5,232	26,100
Receivables for disposal of subsidiaries	30,000	—	—	2,000
Receivables for disposal of long-term assets	14,380	14,380	10,764	8,190
Receivables for dividend	—	—	—	1,120
Others	6,453	6,104	3,680	8,715
	96,089	52,238	62,924	93,351
Less: allowance for impairment	(7,983)	(7,662)	(5,123)	(6,593)
	<u>88,106</u>	<u>44,576</u>	<u>57,801</u>	<u>86,758</u>

The Company

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Notes receivable	(i)	2,215	11,137	12,749	211,992
Trade receivables	(ii)	347,477	731,393	1,052,873	1,150,658
Other receivables	(iii)	4,616,911	4,461,619	4,351,585	4,542,126
		<u>4,966,603</u>	<u>5,204,149</u>	<u>5,417,207</u>	<u>5,904,776</u>

(i) Notes receivable

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank acceptance bill	522	7,370	8,293	35,842
Commercial acceptance bill	1,782	3,965	4,691	185,421
	2,304	11,335	12,984	221,263
Less: allowance for impairment	(89)	(198)	(235)	(9,271)
	<u>2,215</u>	<u>11,137</u>	<u>12,749</u>	<u>211,992</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

25 Trade and other receivables—continued

(ii) Trade receivables

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from subsidiaries	156,065	600,554	914,755	1,015,160
Trade receivables from third parties	46,969	51,292	75,044	82,146
Trade receivables from other related parties	154,517	96,799	101,718	100,596
	357,551	748,645	1,091,517	1,197,902
Less: allowance for impairment	(10,074)	(17,252)	(38,644)	(47,244)
	<u>347,477</u>	<u>731,393</u>	<u>1,052,873</u>	<u>1,150,658</u>

(iii) Other receivables

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Receivables from subsidiaries	4,565,461	4,441,104	4,336,170	4,528,522
Receivables from other related parties	—	—	11	—
Deposits	2,114	2,135	2,079	2,084
Tax recoverable	4,172	5,233	3,116	4,641
Receivables for disposal of subsidiaries	30,000	—	—	—
Receivables for disposal of long-term assets	14,380	14,380	10,764	8,190
Others	3,802	2,145	2,331	1,480
	4,619,929	4,464,997	4,354,471	4,544,917
Less: allowance for impairment	(3,018)	(3,378)	(2,886)	(2,791)
	<u>4,616,911</u>	<u>4,461,619</u>	<u>4,351,585</u>	<u>4,542,126</u>

26 Prepayment

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
—Prepayments for goods or services	130,488	87,036	4,746	2,312
—Prepayments for long-term assets	596,900	133,328	91,246	231,120
—Prepayments for business combination	51,000	—	—	20,000
—Prepayments for transaction with NCI	—	—	—	6,000
	778,388	220,364	95,992	259,432
Current:				
—Prepayments for goods or services	252,203	276,199	325,019	267,307
	<u>1,030,591</u>	<u>496,563</u>	<u>421,011</u>	<u>526,739</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

26 Prepayment—continued

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
—Prepayments for long-term assets	4,335	6,622	—	—
—Prepayments for business combination	51,000	—	—	20,000
—Prepayments for transaction with NCI	—	—	—	6,000
	55,335	6,622	—	26,000
Current:				
—Prepayments to subsidiaries	1,062,650	550,578	280,692	252,265
—Prepayments for goods or services	24,284	15,601	13,897	4,830
	1,086,934	566,179	294,589	257,095
	1,142,269	572,801	294,589	283,095

27 Other assets

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
—Deposits	41,630	24,180	65,588	56,843
—Long-term receivables for disposal of long-term assets	8,500	6,043	3,233	9,904
—Others	23,382	32,164	12,011	8,385
	73,512	62,387	80,832	75,132
Current:				
—Value added tax (“VAT”) to be deducted or verified	93,493	125,799	163,485	160,727
—Prepaid CIT	26,297	6,095	8,843	5,807
—Long-term receivables for disposal of subsidiaries due within 1 year	52,673	50,000	—	—
—Long-term receivables for disposal of long-term assets due within 1 year	2,066	2,431	2,810	2,860
—Issuance cost	13,880	—	—	21,923
—Others	—	—	—	1,524
	188,409	184,325	175,138	192,841
Less: allowance for impairment	—	(713)	—	—
	188,409	183,612	175,138	192,841
	261,921	245,999	255,970	267,973

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

28 Cash and cash equivalents and restricted cash

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	207	156	141	216
Cash at bank	3,918,531	9,049,468	10,155,019	11,168,962
Others	107,408	36,250	30,188	54,952
Less: pledged for deposit or guarantee	(31,000)	(30,776)	(32,566)	(40,559)
	<u>3,995,146</u>	<u>9,055,098</u>	<u>10,152,782</u>	<u>11,183,571</u>

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	4	4	4	4
Cash at bank	480,881	2,301,450	114,394	51,005
Others	93,673	19,453	10,002	10,002
Less: pledged for deposit or guarantee	(17,532)	(17,532)	(10,000)	(10,000)
	<u>557,026</u>	<u>2,303,375</u>	<u>114,400</u>	<u>51,011</u>

29 Borrowings

The Group

	As of December 31, 2022			As of December 31, 2023			As of December 31, 2024			As of June 30, 2025		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings												
—Secured . . .	2,835,853	701,816	3,537,669	572,729	759,796	1,332,525	49,500	222,750	272,250	—	—	—
—Unsecured . .	4,601,968	2,047,960	6,649,928	4,787,160	2,217,600	7,004,760	3,507,800	3,249,200	6,757,000	4,781,050	2,434,672	7,215,722
Discounting of acceptance bill . . .	519	—	519	3,323	—	3,323	4,806	—	4,806	218,040	—	218,040
Interest accrual	29,266	—	29,266	10,777	—	10,777	7,025	—	7,025	6,272	—	6,272
Total borrowings . . .	<u>7,467,606</u>	<u>2,749,776</u>	<u>10,217,382</u>	<u>5,373,989</u>	<u>2,977,396</u>	<u>8,351,385</u>	<u>3,569,131</u>	<u>3,471,950</u>	<u>7,041,081</u>	<u>5,005,362</u>	<u>2,434,672</u>	<u>7,440,034</u>

The bank borrowings bear annual interest rates at a range of 2.50%-5.50%, 2.50%-4.15%, 2.38%-3.00% and 2.11%-2.70% as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The Group has complied with the financial covenants of its bank borrowings during the reporting periods presented.

The fair values of borrowings are not materially different to their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

Details of the Group's exposure to risks arising from borrowings are set out in note 3.1.

As of December 31, 2023, the bank borrowing with principal amount of RMB142.1 million was secured by mortgages over the Group's land-use right and buildings. The carrying amounts of

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

29 Borrowings—continued

financial and non-financial assets pledged as security for borrowings are disclosed in note 48. Other than that, certain borrowings were guaranteed by the ultimate beneficial owner of the Company or pledged with equity interests of certain subsidiaries of the Company. All the guarantee by the ultimate beneficial owner of the Company were released as of June 30, 2025.

The Company

	As of December 31, 2022			As of December 31, 2023			As of December 31, 2024			As of June 30, 2025		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings												
—Secured	963,085	701,816	1,664,901	499,479	377,429	876,908	—	—	—	—	—	—
—Unsecured	4,601,967	2,047,960	6,649,927	4,787,160	2,217,600	7,004,760	3,507,800	3,249,200	6,757,000	3,884,800	1,689,500	5,574,300
Discounting of acceptance bill	—	—	—	—	—	—	2,194	—	2,194	203,746	—	203,746
Interest accrual	11,934	—	11,934	10,229	—	10,229	6,759	—	6,759	5,164	—	5,164
Total borrowings	5,576,986	2,749,776	8,326,762	5,296,868	2,595,029	7,891,897	3,516,753	3,249,200	6,765,953	4,093,710	1,689,500	5,783,210

30 Convertible bonds

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance	2,249,715	2,346,778	2,443,920	2,523,927
Interest accrual	107,375	112,022	116,662	54,190
Interest payment	(9,733)	(14,598)	(36,494)	—
Conversion	(579)	(282)	(161)	(374)
Over-provision of interest expenses, net of tax in prior years	—	—	—	(42,129)
Closing balance	2,346,778	2,443,920	2,523,927	2,535,614

As approved by the relevant regulatory authorities in China, the Company made a public offering of RMB2,440.0 million A shares convertible bonds on December 28, 2020. The convertible bonds have a term of six years from December 28, 2020 to December 27, 2026, at coupon rates of 0.2% for the first year, 0.4% for the second year, 0.6% for the third year, 1.5% for the fourth year, 1.8% for the fifth year and 2.0% for the sixth year. The conversion of the convertible bonds begins on the first trading day (July 5, 2021) after six months upon the completion date of the offering, until the maturity date (December 27, 2026).

In accordance with formulas set out in the prospectus of the convertible bonds, the initial conversion price of the convertible bonds is RMB222.83 per share, and the conversion price will be adjusted to reflect the dilutive impact of cash dividends and increase in paid-in capital under specified circumstances. During the conversion period (from July 5, 2021 to December 27, 2026), if the closing price of the Company's A shares is lower than 85% of the current conversion price for at least 15 trading days in any 30 consecutive trading days, the Board of Directors of the Company has the right to propose to lower the conversion price and submit the proposal to the shareholders' meeting for approval.

The convertible bonds are subject to conditional redemptions. During the conversion period, if the closing prices of the Company's A shares are no less than 130% (inclusive) of the current

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

30 Convertible bonds—continued

conversion price for at least 15 trading days in 30 consecutive trading days, the Company has the right to redeem all or part of the outstanding convertible bonds at the par value plus the current accrued interest, upon approval of the relevant regulatory authorities (if required). In addition, when the total amount of the outstanding convertible bonds is less than RMB30.0 million, the Company has the right to redeem all outstanding convertible bonds at their par value plus the current accrued interest.

The initial fair value of the liability portion of the convertible bonds was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and recognized in other equity instrument, net of income tax, and not subsequently remeasured.

During the Track Record Period, the convertible bonds with principal amount of RMB616,000, RMB283,000, RMB156,000, RMB360,000 were converted into 2,832, 1,714, 950 and 2,213 A shares of the Company, respectively. As a result of the conversion, the capital reserve of RMB624,000, RMB306,000, RMB173,000 and RMB278,000 were recognized and the other equity instrument of RMB59,000, RMB27,000, RMB15,000 and RMB35,000 were derecognized for the Track Record Period, respectively.

31 Deferred income tax

(i) Deferred tax assets

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
—Provision for asset impairments	56,772	58,769	47,060	60,854
—Changes in fair value	60,533	83,103	68,891	65,159
—Elimination of intragroup unrealized profit	9,618	12,554	15,053	361,660
—Deductible tax losses	266,332	365,334	359,412	138,740
—Share-based payments	74,885	47,507	20,251	28,783
—Interest for uncertain tax	29,986	34,224	26,273	28,100
—Accrued expenses	46,519	63,450	59,414	64,321
—Depreciation and amortization of long-term assets	6,725	3,801	4,222	3,942
—Lease liabilities	38,703	34,531	29,527	34,865
—Others	10,472	1,877	4,598	24,796
Total deferred tax assets	600,545	705,150	634,701	811,220
Off-Set of deferred tax liabilities	(264,639)	(299,076)	(234,024)	(175,972)
Net deferred tax assets	335,906	406,074	400,677	635,248

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31 Deferred income tax—continued

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
—Provision for asset impairments	2,015	3,240	6,376	9,139
—Deductible tax losses	115,331	169,130	236,526	1,494
—Share-based payments	6,705	562	2,775	3,690
—Depreciation and amortization of long-term assets	266	98	—	—
—Lease liabilities	5,330	3,415	5,046	3,857
—Others	907	476	56	22,663
Total deferred tax assets	130,554	176,921	250,779	40,843
Off-Set of deferred tax liabilities	(81,323)	(86,024)	(103,070)	(40,843)
Net deferred tax assets	49,231	90,897	147,709	—

(ii) Deferred tax liabilities

The Group

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
—Valuation and appreciation of assets of business combination	63,404	114,684	95,964	88,982
—Changes in fair value	139,963	161,547	177,423	199,254
—Depreciation and amortization of long-term assets	95,309	96,903	98,790	96,248
—Capitalized development expenditure	307,546	360,414	346,327	362,074
—Right-of-use assets	37,840	33,102	28,392	32,505
—Others	43,470	27,453	16,960	15,214
Total deferred tax liabilities	687,532	794,103	763,856	794,277
Off-Set of deferred tax assets	(264,639)	(299,076)	(234,024)	(175,972)
Net deferred tax liabilities	422,893	495,027	529,832	618,305

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31 Deferred income tax—continued

(ii) Deferred tax liabilities—continued

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
The balance comprises temporary differences attributable to:				
—Changes in fair value	76,117	82,785	98,106	97,983
—Right-of-use assets	5,206	3,239	4,964	3,793
—Others	—	—	—	10,540
Total deferred tax liabilities	81,323	86,024	103,070	112,316
Off-Set of deferred tax assets	(81,323)	(86,024)	(103,070)	(40,843)
Net deferred tax liabilities	—	—	—	71,473

(iii) Movements

Deferred tax assets

	Provision for asset impairments	Changes in fair value	Elimination of intragroup unrealized profit	Deductible tax losses	Share-based payments	Interest for uncertain tax	Accrued expenses	Depreciation and amortization of long-term assets	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	43,496	407	6,465	261,362	89,491	24,236	44,809	6,427	45,574	12,436	534,703
Recognized in the profit or loss	15,613	(78)	3,153	39,431	(12,464)	3,382	(2,146)	(92)	(6,887)	(2,039)	37,873
Recognized in capital reserve	—	—	—	—	709	—	—	—	—	—	709
Recognized in the other comprehensive income	—	60,204	—	—	—	—	—	—	—	—	60,204
Business combinations	—	—	—	9,913	—	—	—	—	—	—	9,913
Disposal of subsidiaries	(3,172)	—	—	(47,873)	—	—	—	—	—	—	(51,045)
Others	—	—	—	—	(7,570)	—	—	—	—	—	(7,570)
Exchange differences	835	—	—	3,499	4,719	2,368	3,856	390	16	75	15,758
As of December 31, 2022	56,772	60,533	9,618	266,332	74,885	29,986	46,519	6,725	38,703	10,472	600,545
Recognized in the profit or loss	1,807	961	2,936	98,948	800	3,711	16,201	(2,992)	(4,265)	(8,608)	109,499
Recognized in capital reserve	—	—	—	—	(20,762)	—	—	—	—	—	(20,762)
Recognized in the other comprehensive income	—	21,609	—	—	—	—	—	—	—	—	21,609
Others	—	—	—	—	(8,145)	—	—	—	—	—	(8,145)
Exchange differences	190	—	—	54	729	527	730	68	93	13	2,404
As of December 31, 2023	58,769	83,103	12,554	365,334	47,507	34,224	63,450	3,801	34,531	1,877	705,150
Recognized in the profit or loss	(11,955)	(963)	2,499	(7,200)	(27,595)	(8,347)	(4,635)	378	(5,245)	2,811	(60,252)
Recognized in capital reserve	—	—	—	—	23,311	—	—	—	—	—	23,311
Recognized in the other comprehensive income	—	(13,249)	—	—	—	—	—	—	—	—	(13,249)
Others	—	—	—	—	(23,210)	—	—	—	—	—	(23,210)
Exchange differences	246	—	—	1,278	238	396	599	43	241	(90)	2,951
As of December 31, 2024	47,060	68,891	15,053	359,412	20,251	26,273	59,414	4,222	29,527	4,598	634,701
Recognized in the profit or loss	13,884	—	346,607	(172,547)	(1,287)	1,943	5,074	(265)	5,423	(551)	198,281
Recognized in capital reserve	—	—	—	—	14,809	—	—	—	—	—	14,809
Recognized in the other comprehensive income	—	(3,732)	—	—	—	—	—	—	—	—	(3,732)
Others	(30)	—	—	(48,956)	(4,942)	—	—	—	—	20,751	(33,177)
Exchange differences	(60)	—	—	831	(48)	(116)	(167)	(15)	(85)	(2)	338
As of June 30, 2025	60,854	65,159	361,660	138,740	28,783	28,100	64,321	3,942	34,865	24,796	811,220

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31 Deferred income tax—continued

(iii) Movements—continued

Deferred tax liabilities

	Valuation and appreciation of assets of business combination	Changes in fair value	Depreciation and amortization of long-term assets	Capitalized development expenditure	Right-of-use assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	67,739	126,736	89,317	226,570	44,953	13,353	568,668
Recognized in the profit or loss	(17,486)	28,699	(2,054)	57,838	(7,128)	29,125	88,994
Recognized in the other comprehensive income	—	(15,472)	—	—	—	—	(15,472)
Business combinations	13,151	—	—	—	—	—	13,151
Exchange differences	—	—	8,046	23,138	15	992	32,191
As of December 31, 2022	63,404	139,963	95,309	307,546	37,840	43,470	687,532
Recognized in the profit or loss	(4,127)	21,584	(21)	47,406	(4,830)	(16,279)	43,733
Business combinations	55,407	—	—	—	—	—	55,407
Exchange differences	—	—	1,615	5,462	92	262	7,431
As of December 31, 2023	114,684	161,547	96,903	360,414	33,102	27,453	794,103
Recognized in the profit or loss	(18,720)	15,876	441	(19,248)	(4,946)	(10,587)	(37,184)
Exchange differences	—	—	1,446	5,161	236	94	6,937
As of December 31, 2024	95,964	177,423	98,790	346,327	28,392	16,960	763,856
Recognized in the profit or loss	(6,982)	21,831	(2,090)	17,240	4,191	(15,777)	18,413
Others	—	—	—	—	—	14,053	14,053
Exchange differences	—	—	(452)	(1,493)	(78)	(22)	(2,045)
As of June 30, 2025	<u>88,982</u>	<u>199,254</u>	<u>96,248</u>	<u>362,074</u>	<u>32,505</u>	<u>15,214</u>	<u>794,277</u>

32 Provision

	Uncertain taxes	Onerous contracts	Total
	RMB'000	RMB'000	RMB'000
As of January 1, 2022	827,997	2,041	830,038
Provision credited	60,515	49,883	110,398
Exchange differences	68,931	2,095	71,026
As of December 31, 2022	957,443	54,019	1,011,462
Provision credited	(48,733)	(34,432)	(83,165)
Exchange differences	14,533	737	15,270
As of December 31, 2023	923,243	20,324	943,567
Provision credited	(513,410)	(4,002)	(517,412)
Exchange differences	6,920	258	7,178
As of December 31, 2024	416,753	16,580	433,333
Provision credited	36,208	(8,161)	28,047
Exchange differences	(1,207)	(40)	(1,247)
As of June 30, 2025	<u>451,754</u>	<u>8,379</u>	<u>460,133</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**32 Provision—continued**Uncertain taxes

The Company and its subsidiaries claimed certain tax benefits related to US federal and California research and development credits and entered into some transfer pricing arrangements, such as intercompany loans and allocation of general and administrative expenses, foreign permanent establishments, the transfer of interest in certain intellectual properties, etc. In addition, based on the ruling in the Loper Bright case (2024), the Group started to claim deduction of intellectual properties' amortization, which was transferred internally in 2018 since 2024. However, the US federal, California and foreign tax authorities may challenge the reasonableness of these arrangements and positions and require performing certain tax adjustments. As of December 31, 2022, 2023, and 2024 and June 30, 2025, the Company has made the best estimates of the tax risks that may arise and the provisions for uncertain tax positions were recognized in income tax expense.

Onerous contracts

The Group entered into irrevocable purchase contracts with certain wafer foundries. The costs estimated to execute the contracts exceed the expected revenue to be received due to the decrease in sales prices of finished goods unexpectedly. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Group has recognized provision for decline in the value of inventories in connection with these uncompleted purchase contracts and recognized provision for the excess of the estimated losses over the provision for decline in the value of inventories as recognized and included in cost of sales.

33 Financial liabilities at FVPL**The Group**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contingent consideration				
—Non-current portion	—	172,490	88,760	91,380
—Current portion	—	99,030	99,030	100,000
	—	271,520	187,790	191,380

In February 2023, the Company signed an equity acquisition agreement with the shareholders of Hunan Silicon Internet of Things Technology Co., Ltd. ("SIT") to acquire all equity interests of SIT for the consideration not exceeding RMB1.2 billion (including a fixed consideration of RMB900.0 million and a maximum contingent consideration of RMB300.0 million). The contingent consideration was determined based on the comprehensive achievements of a series of business indicators of SIT in the following three years, including development progress, product performance, and stability of the core team. The contingent consideration was recognized as a financial liability measured at FVPL, and the fair value of the contingent consideration financial liability was RMB256.0 million at its initial recognition. As of December 31, 2023 and 2024 and June 30, 2025, the fair value of contingent consideration financial liabilities was RMB271.5 million, RMB187.8 million and RMB191.4 million, of which RMB99.0 million, RMB99.0 million and RMB100.0 million would be due within one year, respectively.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

33 Financial liabilities at FVPL—continued

The Company

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contingent consideration				
—Non-current portion	—	172,318	88,671	91,289
—Current portion	—	98,931	98,931	99,900
	—	271,249	187,602	191,189

34 Trade and other payables

The Group

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	(i)	1,127,628	1,663,121	1,935,439	2,704,487
Other payables	(ii)	1,197,852	1,211,968	1,185,413	1,418,037
		2,325,480	2,875,089	3,120,852	4,122,524

(i) Trade payables

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables to third parties		1,127,432	1,662,680	1,935,142	2,701,999
Trade payables to related parties	51	196	441	297	2,488
		1,127,628	1,663,121	1,935,439	2,704,487

The aging analysis of the trade payables is as follows:

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
—Up to 1 year	1,122,756	1,658,678	1,932,647	2,701,631
—1 to 2 years	3,114	3,695	408	457
—2 to 3 years	1,747	6	2,384	26
—over 3 years	11	742	—	2,373
	1,127,628	1,663,121	1,935,439	2,704,487

(ii) Other payables

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payables to third parties	1,195,307	1,209,423	1,182,868	1,416,842
Payables to related parties	2,545	2,545	2,545	1,195
	1,197,852	1,211,968	1,185,413	1,418,037

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

34 Trade and other payables—continued

(ii) Other payables—continued

Other payables by nature is as follows:

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Payables for rebate		540,774	799,762	929,210	854,918
Payables for long-term assets		37,260	44,950	60,693	130,533
Payables for commission		20,229	19,089	21,257	24,656
Accruals		36,450	48,858	74,225	65,749
Deposit		7,431	34,608	14,513	17,817
Payables for other taxes		44,376	45,489	52,742	30,366
Obligation for repurchase of restricted shares		426,519	168,050	—	—
Payables for dividend	(a)	—	—	—	264,460
Payables for transaction with NCI		22,000	22,000	—	—
Payables for NCI's dividend		4,270	5,008	2,803	1,844
Others		58,543	24,154	29,970	27,694
		<u>1,197,852</u>	<u>1,211,968</u>	<u>1,185,413</u>	<u>1,418,037</u>

(a) 2024 dividend distribution plan (cash dividend of RMB2.20 (tax included) per ten shares) was approved by the shareholders at the 2024 annual general meeting held on June 10, 2025 and the dividend amounting to RMB264.5 million was distributed on August 1, 2025.

The Company

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	(i)	11,202	31,478	36,154	124,085
Other payables	(ii)	746,668	543,806	459,503	724,996
		<u>757,870</u>	<u>575,284</u>	<u>495,657</u>	<u>849,081</u>

(i) Trade payables

		As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables to subsidiaries		—	17,686	24,794	85,613
Trade payables to third parties		11,202	13,792	11,360	38,472
		<u>11,202</u>	<u>31,478</u>	<u>36,154</u>	<u>124,085</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**34 Trade and other payables—continued****(ii) Other payables**

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Payables to subsidiaries	263,977	320,868	442,661	424,158
Payables for long-term assets	10,069	680	3,599	127
Accruals	7,387	14,786	4,874	27,238
Payables for other taxes	2,494	16,825	7,134	8,045
Obligation for repurchase of restricted shares	426,519	168,050	—	—
Payables for dividend	—	—	—	264,460
Payables for transaction with NCI	22,000	22,000	—	—
Others	14,222	597	1,235	968
	<u>746,668</u>	<u>543,806</u>	<u>459,503</u>	<u>724,996</u>

35 Current tax liabilities

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
CIT payables	<u>100,933</u>	<u>183,487</u>	<u>176,352</u>	<u>218,500</u>

36 Employee benefit obligations

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits	248,588	248,419	316,888	271,410
Post-employment benefits	7,939	8,225	8,876	9,312
Termination benefits	6,964	7,106	6,565	5,954
	<u>263,491</u>	<u>263,750</u>	<u>332,329</u>	<u>286,676</u>

37 Other liabilities

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
—Long-term payables	16,672	—	—	—
—Government grants	23,795	25,294	22,022	41,136
	<u>40,467</u>	<u>25,294</u>	<u>22,022</u>	<u>41,136</u>
Current:				
—Long-term payables due within 1 year	18,524	17,517	3,888	3,979
—Others	5,683	5,283	2,004	6,215
	<u>24,207</u>	<u>22,800</u>	<u>5,892</u>	<u>10,194</u>
	<u>64,674</u>	<u>48,094</u>	<u>27,914</u>	<u>51,330</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38 Share capital

Note	Year ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
								(Unaudited)		
Opening balance	875,724,555	875,724	1,185,382,449	1,185,382	1,215,775,357	1,215,775	1,215,775,357	1,215,775	1,216,123,535	1,216,123
Exercise of share option (i)	2,661,684	2,662	3,693,759	3,694	1,695,945	1,696	—	—	1,044,901	1,045
Conversion of convertible bonds 30	2,832	3	1,714	2	950	1	342	1	2,213	2
Conversion of capital reserve into share capital (ii)	306,993,378	306,993	—	—	—	—	—	—	—	—
Issuance under GDR (iii)	—	—	31,000,000	31,000	—	—	—	—	—	—
Repurchase of restricted shares (iv)	—	—	(4,302,565)	(4,303)	(1,348,717)	(1,349)	—	—	—	—
Closing balance	1,185,382,449	1,185,382	1,215,775,357	1,215,775	1,216,123,535	1,216,123	1,215,775,699	1,215,776	1,217,170,649	1,217,170

- (i) During the Track Record Period, 2,661,684, 3,693,759, 2,785,570 and 2,080,224 share options were exercised by employees with the proceeds of RMB266.3 million, RMB255.1 million, RMB219.5 million and RMB164.7 million, respectively. Except for that 1,089,625 and 1,035,323 A shares were transferred to employees by using treasury shares held by the Company for the year ended December 31, 2024 and six months ended June 30, 2025, respectively, all other A shares were newly issued by the Company to employees. As a result of exercise of share options, share capital of RMB2.7 million, RMB3.7 million, RMB1.7 million and RMB1.0 million and capital reserves of RMB263.7 million, RMB251.4 million, RMB121.2 million and RMB71.0 million were recognized for the Track Record Period, respectively. In addition, due to the usage of 1,089,625 and 1,035,323 treasury shares amounting to RMB96.7 million and RMB91.9 million decreased based on weighted average cost for the year ended December 31, 2024 and six months ended June 30, 2025, respectively. Information relating to the Company's share-based incentive plan is set out in note 45.
- (ii) In July 2022, the Company paid a stock dividend in the amount of 3.5 A Shares per 10 A Shares to the shareholders of record of such A Shares. This stock dividend was issued by converting RMB307.0 million of the Company's capital reserve into RMB307.0 million of the Company's share capital.
- (iii) In November 2023, the Company offered and listed 31,000,000 Global Depositary Receipts ("GDR") representing A shares with an offer price of US\$14.35 per GDR in SIX Swiss Exchange. Total proceeds from GDR amounted to US\$444.9 million, equivalent to RMB3,192.7 million and the issuance cost of RMB85.1 million (excluding VAT) were net off the proceeds. As a result of issuance under GDR, share capital of RMB31.0 million with capital reserves of RMB3,076.6 million were recognized for the year ended December 31, 2023.
- (iv) The Company repurchased and canceled 4,302,565 and 1,348,717 restricted shares held by employees due to unfulfillment of performance condition during the years ended December 31, 2023 and 2024, respectively. As a result of repurchase of restricted shares, share capital of RMB4.3 million and RMB1.3 million and capital reserves of RMB491.8 million and RMB166.7 million were derecognized while 4,302,565 and 1,348,717 treasury shares amounting to RMB496.1 million and RMB168.1 million decreased, respectively. Information relating to the Company's share-based incentive plan is set out in note 45.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

39 Capital reserves

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening balance		8,427,025	8,631,136	11,329,219	11,329,219	11,551,430
Exercise of share option	38(i)	263,682	251,434	121,164	—	71,044
Conversion of convertible bonds	30	624	306	173	62	278
Capital conversion	38(ii)	(306,993)	—	—	—	—
Issuance under GDR	38(iii)	—	3,076,606	—	—	—
Repurchase of restricted shares	38(iv)	—	(491,800)	(166,701)	—	—
Transaction with NCI	12a	(23,326)	(66,385)	—	—	—
Share-based payments	45	269,415	(31,278)	244,364	136,347	107,094
Tax impact for share-based payments	13	709	(20,762)	23,211	1,252	14,810
Employee stock ownership plan	(i)	—	(20,038)	—	—	—
Closing balance		<u>8,631,136</u>	<u>11,329,219</u>	<u>11,551,430</u>	<u>11,466,880</u>	<u>11,744,656</u>

- (i) In January and October 2023, the Company sold 2,292,800 and 2,234,800 A shares held by the Company to 2022 and 2023 employee stock ownership plan with proceeds of RMB177.3 million and RMB201.4 million (net off transaction costs), respectively. As a result of employee stock ownership plan, 4,527,600 treasury shares amounted to RMB398.7 million based on weight average cost decreased and the difference between proceeds and the cost of treasury shares of RMB20.0 million were recognized in capital reserves for the year ended December 31, 2023.

40 Other equity instrument

The balance represents equity portion of convertible bonds.

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening balance		233,117	233,058	233,031	233,031	233,016
Conversion of convertible bonds	30	(59)	(27)	(15)	(6)	(35)
Closing balance		<u>233,058</u>	<u>233,031</u>	<u>233,016</u>	<u>233,025</u>	<u>232,981</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

41 Treasury shares

	Note	Year ended December 31,						Six months ended June 30,			
		2022		2023		2024		2024		2025	
		Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital
			RMB'000		RMB'000		RMB'000		RMB'000 (Unaudited)		RMB'000
Opening balance		6,561,234	741,689	6,994,457	769,112	7,394,828	704,717	7,394,828	704,717	16,169,686	1,439,898
Vesting of restricted shares	i	(909,952)	(74,561)	—	—	—	—	—	—	—	—
Repurchase of restricted shares	38(iv)	—	—	(4,302,565)	(496,103)	(1,348,717)	(168,050)	—	—	—	—
Repurchase of shares	ii	1,343,175	104,959	9,230,536	830,437	11,213,200	999,946	11,213,200	999,732	—	—
Dividend of restricted shares		—	(2,975)	—	—	—	—	—	—	—	—
Exercise of share option	38(i)	—	—	—	—	(1,089,625)	(96,715)	—	—	(1,035,323)	(91,895)
Employee stock ownership plan	39(i)	—	—	(4,527,600)	(398,729)	—	—	—	—	—	—
		6,994,457	769,112	7,394,828	704,717	16,169,686	1,439,898	18,608,028	1,704,449	15,134,363	1,348,003

(i) Upon the vesting of the restrict shares, the obligation for repurchase of restricted shares is released. Information relating to the Company's share-based incentive plan is set out in note 45.

(ii) During the years ended 2022, 2023 and 2024, the Company repurchased an aggregate number of 1,343,175, 9,230,536 and 11,213,200 of its own A shares from the market at the consideration of RMB105.0 million, RMB830.4 million and RMB999.9 million (including transaction costs), respectively.

42 Other reserves

The Group

	Note	Surplus reserves	Financial assets at FVOCI	Currency translation differences	Investments accounted by equity method	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022		115,701	87,597	(855,210)	(5)	(651,917)
Appropriation to reserves	(i)	11,232	—	—	—	11,232
Net fair value losses on financial assets at FVOCI	22	—	(491,908)	—	—	(491,908)
Currency translation differences		—	—	1,224,736	(409)	1,224,327
NCI share in translation differences		—	—	(702)	—	(702)
Transfer to retained earnings		—	—	(14)	—	(14)
Tax impact		—	75,676	—	—	75,676
As of December 31, 2022		126,933	(328,635)	368,810	(414)	166,694
Appropriation to reserves	(i)	21,106	—	—	—	21,106
Net fair value losses on financial assets at FVOCI	22	—	(138,736)	—	—	(138,736)
Currency translation differences		—	—	299,751	(377)	299,374
NCI share in translation differences		—	—	(111)	—	(111)
Tax impact		—	21,609	—	—	21,609
As of December 31, 2023		148,039	(445,762)	668,450	(791)	369,936
Appropriation to reserves	(i)	55,654	—	—	—	55,654
Net fair value gains on financial assets at FVOCI	22	—	84,183	—	—	84,183
Currency translation differences		—	—	282,966	(749)	282,217
NCI share in translation differences		—	—	(155)	—	(155)
Tax impact		—	(13,249)	—	—	(13,249)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

42 Other reserves—continued

The Group—continued

	Note	Surplus reserves	Financial assets at FVOCI	Currency translation differences	Investments accounted by equity method	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2024		203,693	(374,828)	951,261	(1,540)	778,586
Net fair value gains on financial assets at FVOCI	22	—	24,080	—	—	24,080
Currency translation differences ...		—	—	(78,255)	162	(78,093)
NCI share in translation differences		—	—	(97)	—	(97)
Transfer to retained earnings		—	1	—	—	1
Tax impact		—	(3,732)	—	—	(3,732)
As of June 30, 2025		<u>203,693</u>	<u>(354,479)</u>	<u>872,909</u>	<u>(1,378)</u>	<u>720,745</u>
(Unaudited)						
As of December 31, 2023		148,039	(445,762)	668,450	(791)	369,936
Net fair value gains on financial assets at FVOCI	22	—	(221,763)	—	—	(221,763)
Currency translation differences ...		—	—	103,216	(154)	103,062
NCI share in translation differences		—	—	(281)	—	(281)
Tax impact		—	34,373	—	—	34,373
As of June 30, 2024		<u>148,039</u>	<u>(633,152)</u>	<u>771,385</u>	<u>(945)</u>	<u>285,327</u>

- (i) In accordance with the PRC Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital.

The Company

	Surplus reserves	Currency translation differences	Investments accounted by equity method	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	115,701	7,293	(5)	122,989
Appropriation to reserves	11,232	—	—	11,232
Currency translation differences	—	—	(409)	(409)
As of December 31, 2022	126,933	7,293	(414)	133,812
Appropriation to reserves	21,106	—	—	21,106
Currency translation differences	—	—	(377)	(377)
As of December 31, 2023	148,039	7,293	(791)	154,541
Appropriation to reserves	55,654	—	—	55,654
Currency translation differences	—	—	(748)	(748)
As of December 31, 2024	203,693	7,293	(1,539)	209,447
Currency translation differences	—	—	162	162
As of June 30, 2025	<u>203,693</u>	<u>7,293</u>	<u>(1,377)</u>	<u>209,609</u>
(Unaudited)				
As of December 31, 2023	148,039	7,293	(791)	154,541
Currency translation differences	—	—	(154)	(154)
As of June 30, 2024	<u>148,039</u>	<u>7,293</u>	<u>(945)</u>	<u>154,387</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

43 Retained earnings

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening balance		8,056,673	8,572,067	9,007,582	9,007,582	11,861,928
Profit for the year/period		982,730	555,751	3,317,582	1,367,013	2,027,880
Transfer from other reserves ...		—	—	—	—	(1)
Appropriation to reserves	42(i)	(11,232)	(21,106)	(55,654)	—	—
Dividends	44	(456,104)	(99,130)	(407,582)	(167,603)	(264,460)
Closing balance		<u>8,572,067</u>	<u>9,007,582</u>	<u>11,861,928</u>	<u>10,206,992</u>	<u>13,625,347</u>

44 Dividend

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Final dividend per fully paid share	456,104	99,130	167,603	167,603	264,460
Interim dividend per fully paid share	—	—	239,979	—	—
Total dividends declared or paid	<u>456,104</u>	<u>99,130</u>	<u>407,582</u>	<u>167,603</u>	<u>264,460</u>

During the Track Record Period, the Company declared and paid final cash dividend of RMB5.20, RMB0.84, RMB1.40 and RMB2.20 per 10 shares (including tax) to the shareholders of the Company for the years ended December 31, 2021, 2022, 2023 and 2024, respectively, and interim cash dividend of RMB2.00 per 10 shares (including tax) to the shareholders of the Company for the year ended December 31, 2024.

45 Share-based payments

The Company adopted the share-based incentive plan on annual basis. The share-based incentive plan is designed to provide an incentive for all employees to deliver long-term shareholder returns. Under the plan, participants are granted share options or restricted shares which only vest if certain performance conditions are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

In October 2019, the Company adopted 2019 incentive plan that granted 9,430,998 share options at the initial exercise price of RMB94.20 per share to 926 employees and the share option would be exercisable in three tranches within 36 months.

In April 2020, the Company adopted 2019 reserved incentive plan that granted 2,353,374 share options at the initial exercise price of RMB164.65 per share to 153 employees and the share option would be exercisable in three tranches within 36 months.

In October 2020, the Company adopted 2020 incentive plan that granted 7,668,150 share options at the initial exercise price of RMB185.76 per share to 1,078 employees and the share option would be exercisable in three tranches within 36 months. In addition, in November 2021, the Company issued 2,291,800 restricted shares for the consideration of RMB111.46 per shares to 134 employees and the restricted shares would be attributable to employees in three tranches within 36 months.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

45 Share-based payments—continued

In September 2021, the Company adopted 2021 incentive plan that granted 7,950,000 share options at the initial exercise price of RMB281.40 per share to 1,962 employees and the share option would be exercisable in three tranches within 36 months. In addition, in November 2021, the Company issued 3,485,093 restricted shares for the consideration of RMB101.06 per shares to 117 employees and the restricted shares would be attributable to employees in three tranches within 36 months.

In May 2022, the Company adopted 2022 incentive plan that granted 14,974,900 share options at the initial exercise price of RMB166.85 per share to 2,305 employees and the share option would be exercisable in three tranches within 36 months.

In October 2023, the Company adopted 2023 incentive plan that granted 19,987,450 share options at the initial exercise price of RMB78.97 per share to 2,856 employees and the share option would be exercisable in three tranches within 36 months.

In March 2025, the Company adopted 2025 incentive plan that granted 19,983,400 share options at the initial exercise price of RMB139.29 per share to 3,361 employees and the share option would be exercisable in three tranches within 36 months.

The above-mentioned share-based incentive plan, in addition to meeting the granting conditions, must also meet the requirements of 1) the Company's performance condition; 2) the incentive recipients' performance condition on the individual basis, so that the incentive recipients' share options or restricted shares could be exercisable or attributable. The corresponding number of share options or the restricted shares as well as the exercise price will be adjusted in case of transfer from capital reserves to share capital, distribution of dividends, share split, allotment of shares, share consolidation, etc. The share options are not entitled to dividends and voting right while the restricted shares are entitled to dividends and voting rights.

Share options

Set out below are summaries of share options granted under the plans:

	Number of share options							
	2019 plan	2019 reserved plan	2020 plan	2021 plan	2022 plan	2023 plan	2025 plan	Total
As of January 1, 2022	4,759,570	1,645,634	6,012,051	7,950,000	—	—	—	20,367,255
Granted during the year	—	—	—	—	14,974,900	—	—	14,974,900
Stock dividend during the year (i)	1,365,072	523,981	1,945,347	2,640,125	5,241,215	—	—	11,715,740
Exercised during the year	(2,118,270)	(83,782)	(459,631)	(1)	—	—	—	(2,661,684)
Forfeited during the year	(126,085)	(64,831)	(320,844)	(406,788)	—	—	—	(918,548)
As of December 31, 2022	3,880,287	2,021,002	7,176,923	10,183,336	20,216,115	—	—	43,477,663
Granted during the year	—	—	—	—	—	19,987,450	—	19,987,450
Exercised during the year	(3,693,336)	(322)	(1)	(100)	—	—	—	(3,693,759)
Forfeited during the year	—	(218,005)	(2,901,220)	(3,054,992)	(8,086,459)	—	—	(14,260,676)
As of December 31, 2023	186,951	1,802,675	4,275,702	7,128,244	12,129,656	19,987,450	—	45,510,678
Exercised during the year	—	—	—	—	—	(2,785,570)	—	(2,785,570)
Forfeited during the year	(186,951)	(1,802,675)	(4,275,702)	(7,128,244)	(6,064,828)	(662,915)	—	(20,121,315)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

45 Share-based payments—continued

Share options—continued

	Number of share options							
	2019 plan	2019 reserved plan	2020 plan	2021 plan	2022 plan	2023 plan	2025 plan	Total
As of December 31, 2024	—	—	—	—	6,064,828	16,538,965	—	22,603,793
Granted during the period	—	—	—	—	—	—	19,983,400	19,983,400
Exercised during the period . .	—	—	—	—	—	(2,080,224)	—	(2,080,224)
Forfeited during the period . . .	—	—	—	—	(6,064,828)	—	—	(6,064,828)
As of June 30, 2025	—	—	—	—	—	14,458,741	19,983,400	34,442,141
Vested and exercisable at								
June 30	—	—	—	—	—	917,853	—	917,853

- (i) In July 2022, the Company adopted stock dividend and issued 3.5 share per 10 shares to all shareholders of the Company. The number of share options and the exercise price for each share option were adjusted accordingly.

Share options outstanding at June 30, 2025 have the following expiry date and exercise prices:

Plan	Grant date	Expiry date	Exercise price	Number of share options
2023 plan	October 10, 2023	October 9, 2025	RMB78.41	917,853
2023 plan	October 10, 2023	October 9, 2026	RMB78.41	6,770,444
2023 plan	October 10, 2023	October 9, 2027	RMB78.41	6,770,444
2025 plan	March 31, 2025	March 30, 2027	RMB139.07	5,995,020
2025 plan	March 31, 2025	March 30, 2028	RMB139.07	6,994,190
2025 plan	March 31, 2025	March 30, 2029	RMB139.07	6,994,190
			Total	34,442,141

Fair value of share options granted

The Company used the Black-Scholes Model to determine the fair value of the options as of the respective grant dates, which was to be expensed over the relevant vesting period. The assessed weighted average fair value at grant date of share options granted was listed in the following table.

Other than the exercise price mentioned above, significant judgments on parameters, such as risk-free rate, dividend yield and expected volatility, were required to be made by the directors in applying the Black-Scholes Model, which are summarized as below:

	2019 plan	2019 reserved plan	2020 plan	2021 plan	2022 plan	2023 plan	2025 plan
Fair value of the option at the grant date	RMB24.43	RMB29.25	RMB26.09	RMB15.75	RMB13.99	RMB26.18	RMB14.26
Exercise price at the grant date	RMB94.20	RMB164.65	RMB185.76	RMB281.40	RMB166.85	RMB78.97	RMB139.29
Share price at the grant date	RMB106.18	RMB169.88	RMB178.72	RMB227.00	RMB147.99	RMB98.50	RMB132.72
Risk-free rate	2.10%-2.75%	1.94%-2.30%	2.68%-2.97%	2.55%-2.67%	2.28%-2.48%	2.23%-2.50%	1.57%-1.63%
Dividend yield	0.19%	0.19%	0.04%	0.11%	0.28%	0.08%	0.35%
Expected volatility (Note)	16.02%-21.00%	17.01%-19.78%	17.32%-19.96%	17.65%-18.91%	17.19%-18.77%	13.26%-15.23%	15.73%-17.43%

Note: The expected volatility, measured as the standard deviation of expected share price returns, is determined based on the volatility of Shanghai Stock Exchange composite index.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

45 Share-based payments—continued

Restricted shares

Set out below are summaries of restricted shares granted under the plans:

	Number of restricted shares		
	2020 plan	2021 plan	Total
As of January 1, 2022	1,375,080	3,485,093	4,860,173
Stock dividend during the year	481,274	1,219,787	1,701,061
Vested during the year	(909,952)	—	(909,952)
As of December 31, 2022	946,402	4,704,880	5,651,282
Forfeited during the year	(946,402)	(3,356,163)	(4,302,565)
As of December 31, 2023	—	1,348,717	1,348,717
Forfeited during the year	—	(1,348,717)	(1,348,717)
As of December 31, 2024	—	—	—

Fair value of restricted shares granted

The fair value of restricted shares is determined by the difference of the share price at grant day and the consideration. The fair value of restricted shares granted for 2020 plan and 2021 plan at grant date was RMB86.56 and RMB101.06, respectively.

46 Note to consolidated statements of cash flows

(i) Cash used in operations

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax		1,293,744	691,573	3,272,807	1,502,595	2,192,050
Adjustments for:						
Depreciation and amortization	8	1,034,255	1,154,283	1,282,694	601,817	636,455
Inventory write-down	8	1,409,229	363,800	324,872	122,595	120,301
Loss allowance for financial assets	3.1(ii)	(35,446)	90,853	11,401	15,046	34,394
Impairment	8	22,982	5,312	322,740	10,342	18,297
Share based payments	9	271,317	(31,532)	245,556	137,012	107,584
Net gains on sale of long-term assets	10	(6,786)	(1,582)	(7,166)	(3,581)	(9)
Net losses/(gains) on financial assets	10	91,897	(359,159)	(239,905)	75,000	(69,370)
Net (gains)/losses on subsidiaries and associates	10	(956,736)	(128)	(44,431)	(50,091)	369
Net losses on financial liabilities	10	—	15,520	16,270	2,650	3,590
Share of losses/(gains) of equity-method investees	12b	46,286	38,830	33,277	(8,629)	3,960
Finance costs, net	11	466,570	438,098	(3,560)	28,879	(44,664)
Changes in working capital:						
Receivables		(347,926)	(76,091)	56,554	(360,320)	(912,024)
Inventories		(4,276,675)	5,901,909	(873,487)	(535,998)	(1,147,412)
Payables		(663,137)	(634,212)	534,901	383,187	1,013,885
Net cash (outflow)/inflow from operations		(1,650,426)	7,597,474	4,932,523	1,920,504	1,957,406

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

46 Note to consolidated statements of cash flows—continued

(ii) Non-cash investing and financing activities

	Note	Year ended December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Acquisition of right-of-use assets	17	50,086	58,099	54,409	28,132	35,089
Stock dividend		306,993	—	—	—	—

(iii) Net debt reconciliation

	As of December 31,		As of June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	3,995,146	9,055,098	10,152,782	11,183,571
Borrowings	(10,217,382)	(8,351,385)	(7,041,081)	(7,440,034)
Convertible bonds	(2,346,778)	(2,443,920)	(2,523,927)	(2,535,614)
Lease liabilities	(211,468)	(185,857)	(163,101)	(168,334)
Net debt	(8,780,482)	(1,926,064)	424,673	1,039,589

Liabilities from financing activities				
	Borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2022	(7,098,265)	(2,249,715)	(240,746)	(9,588,726)
Financing cash flows	(3,242,087)	—	79,480	(3,162,607)
Business combination	(2,697)	—	—	(2,697)
New leases	—	—	(50,086)	(50,086)
Interest expense	(377,850)	(107,375)	(8,663)	(493,888)
Interest payments (i)	347,607	9,733	8,663	366,003
Other changes (ii)	155,910	579	117	156,606
As of December 31, 2022	(10,217,382)	(2,346,778)	(211,235)	(12,775,395)
Financing cash flows	2,008,560	—	80,364	2,088,924
Business combination	(142,117)	—	—	(142,117)
New leases	—	—	(58,099)	(58,099)
Interest expense	(413,951)	(112,022)	(8,029)	(534,002)
Interest payments (i)	446,553	14,598	8,029	469,180
Other changes (ii)	(33,048)	282	3,113	(29,653)
As of December 31, 2023	(8,351,385)	(2,443,920)	(185,857)	(10,981,162)
Financing cash flows	1,297,311	—	83,284	1,380,595
New leases	—	—	(54,409)	(54,409)
Interest expense	(201,977)	(116,662)	(8,062)	(326,701)
Interest payments (i)	204,751	36,494	8,062	249,307
Other changes (ii)	10,219	161	(6,119)	4,261
As of December 31, 2024	(7,041,081)	(2,523,927)	(163,101)	(9,728,109)
Financing cash flows	(416,094)	—	38,913	(377,181)
New leases	—	—	(35,089)	(35,089)
Interest expense	(91,742)	(54,190)	(3,595)	(149,527)
Interest payments (i)	93,556	—	3,595	97,151
Other changes (ii)	15,327	42,503	(9,057)	48,773
As of June 30, 2025	(7,440,034)	(2,535,614)	(168,334)	(10,143,982)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**46 Note to consolidated statements of cash flows—continued**

- (i) Interest payments are presented as operating cash flows.
(ii) Other changes are non-cash transactions including exchange difference, conversion of convertible bonds and etc.

47 Commitments

Significant capital expenditure contracted but not recognized as liabilities as of December 31, 2022, 2023, and 2024 and June 30, 2025 was as follows:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Property, plant and equipment	78,279	66,476	1,063,766	1,163,709
Intangible assets	164,289	113,283	60,000	255,496
	<u>242,568</u>	<u>179,759</u>	<u>1,123,766</u>	<u>1,419,205</u>

48 Assets pledged as security

The carrying amounts of assets pledged as security for deposit, guarantee and borrowings are:

	As of December 31,			As of
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Current				
—Restricted cash	31,000	30,776	32,566	40,559
Non-Current				
—Property, plant and equipment	—	353,606	—	—
—Right-of-use assets	—	17,670	—	—
	—	<u>371,276</u>	—	—
Total assets pledged as security	<u>31,000</u>	<u>402,052</u>	<u>32,566</u>	<u>40,559</u>

49 Business combinations**(i) Summary of acquisitions**

In August 2022, the Company acquired 100% of equity interests of CerebrEX (Zhuhai) Co., Ltd. ("CRX"), focusing on designing display products for notebook, at cash consideration of RMB232.7 million. The acquisition could increase the Group's market share in this area and it complements the Group's existing display solution division.

In March 2023, the Company acquired 100% of equity interests of SIT, specializing in mixed-signal ICs designs, at a maximum cash consideration of RMB1.2 billion. The acquisition could increase the Group's market share in this area and it complements the Group's existing analog solution division.

In addition, in July 2023, the Company acquired 100% of equity interests of Zhejiang Xince Semiconductor Co., Ltd. ("Xince"), a testing factory, at cash consideration of RMB551.5 million. As the factory of Xince was under construction before the acquisition, this acquisition was an asset acquisition in substance.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**49 Business combinations—continued****(i) Summary of acquisitions—continued**

Details of the purchase consideration on acquisition date are as follows:

	CRX RMB'000	SIT RMB'000	Xince RMB'000
Purchase consideration:			
—Cash paid	232,692	900,000	551,498
—Contingent consideration	—	256,000	—
Total purchase consideration	<u>232,692</u>	<u>1,156,000</u>	<u>551,498</u>

The assets and liabilities recognized as a result of the acquisition are as follows:

	CRX RMB'000	SIT RMB'000	Xince RMB'000
Cash and cash equivalent	3,828	70,092	91,595
Financial assets at FVPL	—	25,130	—
Trade and other receivables	7,145	19,836	661
Prepayments	—	—	219,553
Inventories	17,028	48,107	—
Deferred tax assets	9,913	—	—
Property, plant and equipment	1,190	1,723	396
Assets under construction	—	—	338,555
Right-of-use assets	—	—	17,861
Intangible assets	64,790	370,196	—
Other assets	1,249	1,527	25,642
Borrowings	(2,697)	—	(142,117)
Trade and other payables	(16,993)	(6,439)	(451)
Contract liabilities	(607)	—	—
Employee benefit obligations	(1,375)	—	(197)
Deferred tax liabilities	(13,151)	(55,407)	—
Net identifiable assets acquired	<u>70,320</u>	<u>474,765</u>	<u>551,498</u>
Add: goodwill	<u>162,372</u>	<u>681,235</u>	<u>—</u>
Net assets acquired	<u>232,692</u>	<u>1,156,000</u>	<u>551,498</u>

The goodwill is attributable to the workforce and an increase in market share. It will not be deductible for tax purposes.

There were no acquisitions during the year ended December 31, 2024 and six months ended June 30, 2025.

Revenue and profit contribution

The business acquisition of CRX contributed revenues of RMB0.2 million and net loss of RMB1.6 million to the Group for the period from August 1 to December 31, 2022. Had the acquisition been completed on January 1, 2022, revenue of the Group for the year end December 31, 2022 would have been approximately RMB20,051.8 million, and net profit of the Group for the year end December 31, 2022 would have been approximately RMB942.3 million. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**49 Business combinations—continued****(i) Summary of acquisitions—continued***Revenue and profit contribution—continued*

the Group that actually would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

The business acquisition of SIT contributed revenues of RMB152.0 million and net profit of RMB12.7 million to the Group for the period from March 1 to December 31, 2023. Had the acquisition been completed on January 1, 2023, revenue of the Group for the year end December 31, 2023 would have been approximately RMB21,006.2 million, and net profit of the Group for the year end December 31, 2023 would have been approximately RMB554.1 million. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2023, nor is it intended to be a projection of future results.

No disclosure of revenue and profit contribution of Xince was primarily due to it was an asset acquisition.

(ii) Purchase consideration—cash outflow

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash outflow, net of cash acquired					
Cash consideration	260,423	1,423,767	122,000	22,000	20,000
Less: cash acquired	(3,827)	(161,687)	—	—	—
Net outflow of cash—investing activities	<u>256,596</u>	<u>1,262,080</u>	<u>122,000</u>	<u>22,000</u>	<u>20,000</u>

50 Disposal of subsidiaries**(i) Summary of disposals**

In June 2022, the Group disposed certain subsidiaries related to business of radio frequency (“RF”) by selling its partial equity interests to new investors and introducing new investors. After the disposal, the Group held 48.44% equity interests of Xinghao Communication Technology (Zhejiang) Co., Ltd. (“Xinghao”), a new company set up for the RF business, and it was accounted as equity-accounted investment based on fair value of remaining equity interest on disposal date.

In June 2022, due to capital injection by other shareholders of Ningbo Xijiu Microelectronics Co., Ltd. (“Xijiu”), the equity interests held by the Group decreased from 51.00% to 42.50%. The Group lost control over Xijiu and it was accounted as equity-accounted investment based on fair value of remaining equity interest on disposal date.

In September and November 2022, the Group disposed two subsidiaries, Shanghai Shugu Electronic Technology Co., Ltd., and SWP (Hongkong) Electronics Co., Limited (collectively “SWP”), relating to business of screen distribution by selling all equity interests held by the Group to third parties.

In April 2025, the Group disposed a subsidiary, Shenzhen Tianqin Huizhi Technology Co., Ltd. (“Tianqin”) by selling all equity interests to a third party.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

50 Disposal of subsidiaries—continued

(i) Summary of disposals—continued

Details of proceeds from disposal and net assets disposed of are as follows:

	Xinghao RMB'000	Xijiu RMB'000	SWP RMB'000	Tianqin RMB'000
Net assets disposed of				
Cash and cash equivalent	5,960	2,238	20,234	1,998
Other current assets	44,967	10,130	77,428	9,931
Goodwill	32,725	—	—	—
Other non-current assets	41,119	14,836	1,172	30
Current liabilities	(35,564)	(42,308)	(86,856)	(9,590)
Non-current liabilities	—	—	(244)	—
Net assets	89,207	(15,104)	11,734	2,369
Less: NCI	12,153	7,401	(5,270)	—
Net assets attributable to the Group	101,360	(7,703)	6,464	2,369
Fair value of remaining equity interest	(387,500)	(102,000)	—	—
Gains/(losses) on disposal of subsidiaries	62,121	—	9,999	(369)
Deemed gains on disposal of subsidiaries	304,019	109,703	—	—
Total consideration	80,000	—	16,463	2,000
Satisfied by				
Cash	80,000	—	16,463	2,000

In addition, the Group deregistered certain subsidiaries which had no operation during the Track Record Period.

(ii) Disposal consideration—cash inflow

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash inflow, net of cash disposed					
Cash consideration	180,463	3,200	50,000	50,000	—
Less: cash disposed	(28,432)	—	—	—	(1,998)
Net inflow of cash—investing activities	152,031	3,200	50,000	50,000	(1,998)

51 Related party transactions

(i) Parent

The ultimate beneficial owner of the Company is Mr. Yu Renrong. As of June 30, 2025, Mr. Yu Renrong directly held 333,472,250 A shares of the Company and owned 74,132,662 A shares of the Company through Shaoxing Weihao Equity Investment Funds Management Partnership (Limited Partnership), which is controlled by Mr. Yu Renrong. In addition, Mr. Yu Xiaorong, a close relative of Mr. Yu Renrong, held 972,000 A shares of the Company. In total, Mr. Yu Renrong held 408,576,912 A shares of the Company, accounting for 33.57% of the Company's total shareholding and voting rights as of June 30, 2025.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

51 Related party transactions—continued

(ii) Subsidiaries

Interests in subsidiaries are set out in note 12a.

(iii) Key management personnel compensation

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Short-term employee benefits	13,163	8,839	12,408	6,891	6,346
Share-based payments	14,717	(2,188)	4,121	2,302	1,968
	<u>27,880</u>	<u>6,651</u>	<u>16,529</u>	<u>9,193</u>	<u>8,314</u>

(iv) Transactions with related parties

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<i>Sales and purchases of goods and services</i>					
Sale of goods to associates	172,000	335	269	24	302
Provision of service to associates	3,454	6,757	1,670	759	501
Purchase of goods from associates	2,695	2,529	3,647	1,964	8,659
<i>Other transactions</i>					
Leases to associates	6,239	9,963	9,146	5,161	4,376
Sales of equipment to associates	12,300	—	—	—	—

(v) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Note	As of December 31,			As of June 30,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from associates		153,389	87,744	89,470	83,318
Less: allowance for impairment		(7,669)	(12,876)	(28,768)	(34,498)
		<u>145,720</u>	<u>74,868</u>	<u>60,702</u>	<u>48,820</u>
Trade payables to associates		196	441	297	2,488
Other receivables from an associate	a	—	—	11	—
Other payables to an associate	a	2,545	2,545	2,545	1,195

- a) The other receivables due from an associate were settled as of June 30, 2025, while the other payables due to an associate represented the non-trade deposit received in relation to the lease will be returned to the associate at the end of lease term.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued**51 Related party transactions—continued****(vi) Terms and conditions**

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and market rates. Outstanding balances are unsecured and are settled in cash.

52 Contingencies

The Group is and, from time to time, may in the future become, involved in other legal proceedings in the ordinary course of business. The management currently believes that the outcome of any of these existing legal proceedings, either individually or in the aggregate, will not have a material impact on the operating results, financial condition or cash flows of the Group. With respect to existing legal proceedings, the management has either determined that the existence of a material loss is not reasonably possible or that it is unable to estimate a reasonably possible loss or range of loss.

53 Subsequent events

The cancelation of treasury shares was approved by the shareholders at the 2024 annual general meeting held on June 10, 2025 and the 11,213,200 shares were canceled on August 7, 2025.

The 2025 interim profit distribution plan of a cash dividend of RMB4.0 per 10 shares (including tax) was approved by the directors at the meeting held on October 28, 2025 and the aggregate amount of dividend amounting to RMB482.2 million was paid on November 24, 2025.

The following is the text of a report set out on pages IA-1 to IA-2, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited interim condensed consolidated financial information of the Group for the nine months ended September 30, 2025 and does not form part of the Accountants' Report from the reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for information purpose only.



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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF OMNIVISION INTEGRATED CIRCUITS GROUP, INC.**
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial information set out on pages IA-3 to IA-28, which comprises the interim condensed consolidated statement of financial position of OmniVision Integrated Circuits Group, Inc. (the "Company") and its subsidiaries (the "Group") as of September 30, 2025 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended, and notes to the interim condensed consolidated financial information, including material accounting policy information (the "Interim Financial Information"). The Interim Financial Information has been prepared by the directors of the Company solely for the purpose of inclusion in the prospectus of the Company dated December 31, 2025 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The directors are responsible for the preparation and presentation of the Interim Financial Information in accordance with 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 the Interim Financial Information based on our review. This 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 International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 International 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

The comparative information for the interim condensed consolidated statement of financial position is based on the audited financial statements as of December 31, 2024. The comparative information for the interim condensed consolidated statement of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the nine months ended September 30, 2024 has not been audited or reviewed.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate no. P05443

Hong Kong

December 31, 2025

APPENDIX IA

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	6	21,764,398	18,904,921
Cost of sales	7	(15,336,103)	(13,506,046)
Gross profit		6,428,295	5,398,875
Selling and marketing expenses	7	(413,698)	(405,383)
General and administrative expenses	7	(585,367)	(573,487)
Research and development expenses	7	(2,107,678)	(1,936,218)
Net impairment losses on financial assets		(46,593)	(23,752)
Other income		110,070	55,212
Other gains, net		85,346	89,309
Finance income	8	291,748	233,524
Finance costs	8	(228,613)	(244,693)
Finance costs, net	8	63,135	(11,169)
Share of post-tax (gains)/losses of equity accounted associates		(832)	3,629
Profit before income tax		3,532,678	2,597,016
Income tax expense	9	(334,326)	(230,672)
Profit for the period		<u>3,198,352</u>	<u>2,366,344</u>
Profit is attributable to:			
Owners of the Company		3,209,141	2,375,297
Non-controlling interests		(10,789)	(8,953)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Share of other comprehensive income of investments accounted by equity method		150	(154)
Exchange differences on translation of foreign operations		(272,295)	(219,218)
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income		499,125	6,501
Income tax impact		(77,364)	(1,008)
Other comprehensive income for the period, net of tax		<u>149,616</u>	<u>(213,879)</u>
Total comprehensive income for the period		<u>3,347,968</u>	<u>2,152,465</u>
Total comprehensive income attributable to:			
Owners of the Company		3,356,714	2,161,058
Non-controlling interests		(8,746)	(8,593)
Earnings per share (expressed in RMB per share)			
Basic earnings per share	10	2.67	1.98
Diluted earnings per share	10	<u>2.66</u>	<u>1.98</u>

APPENDIX IA
**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of	
		September 30,	December 31,
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,494,614	3,242,768
Assets under construction		997,516	533,792
Right-of-use assets		519,698	522,939
Investment properties		235,312	241,663
Intangible assets	12	1,814,594	1,886,539
Development expenditure	13	1,233,913	1,063,475
Goodwill	14	3,625,118	3,632,187
Deferred tax assets		645,045	400,677
Prepayments, non-current		179,273	95,992
Investments accounted by equity method		460,563	464,027
Financial assets at fair value through other comprehensive income	15	1,785,916	1,648,707
Financial assets at fair value through profit or loss	16	3,736,732	3,346,755
Other non-current assets		41,537	80,832
		18,769,831	17,160,353
Current assets			
Inventories	17	8,069,856	6,956,198
Trade and other receivables	18	4,880,744	4,046,135
Prepayments, current		404,768	325,019
Financial assets at fair value through other comprehensive income	15	104,450	116,383
Cash and cash equivalents	19	11,704,322	10,152,782
Restricted cash	19	68,834	32,566
Other current assets		206,041	175,138
		25,439,015	21,804,221
Total assets		44,208,846	38,964,574
LIABILITIES			
Non-current liabilities			
Borrowings, non-current	20	2,277,683	3,471,950
Convertible bonds, non-current	21	2,532,973	2,523,927
Lease liabilities, non-current		107,345	96,932
Deferred tax liabilities		704,715	529,832
Provision	22	502,979	433,333
Financial liabilities at fair value through profit or loss	23	—	88,760
Other non-current liabilities		38,879	22,022
		6,164,574	7,166,756

APPENDIX IA
**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION—continued**

	Note	As of	
		September 30,	December 31,
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	
Current liabilities			
Trade and other payables	24	3,602,573	3,120,852
Contract liabilities	6	244,705	225,673
Current tax liabilities		247,267	176,352
Borrowings, current	20	5,763,727	3,569,131
Convertible bonds, current	21	32,838	—
Lease liabilities, current		63,072	66,169
Financial liabilities at fair value through profit or loss	23	92,720	99,030
Employee benefit obligations		287,400	332,329
Other current liabilities		9,538	5,892
		<u>10,343,840</u>	<u>7,595,428</u>
Total liabilities		<u>16,508,414</u>	<u>14,762,184</u>
EQUITY			
Share capital	25	1,206,382	1,216,123
Capital reserves	26	10,883,644	11,551,430
Other equity instrument		232,976	233,016
Treasury shares	27	(348,057)	(1,439,898)
Other reserves	28	918,052	778,586
Retained earnings	29	14,814,716	11,861,928
Capital and reserves attributable to owners of the Company		<u>27,707,713</u>	<u>24,201,185</u>
Non-controlling interests		(7,281)	1,205
Total equity		<u>27,700,432</u>	<u>24,202,390</u>
Total equity and liabilities		<u>44,208,846</u>	<u>38,964,574</u>

APPENDIX IA

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)	Note	Attributable to owners of the Company							Non-controlling interests	Total equity
		Share capital	Capital reserves	Other equity instrument	Treasury shares	Other reserves	Retained earnings	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of January 1, 2025	..	1,216,123	11,551,430	233,016	(1,439,898)	778,586	11,861,928	24,201,185	1,205	24,202,390
Comprehensive income										
Profit for the period		—	—	—	—	—	3,209,141	3,209,141	(10,789)	3,198,352
Other comprehensive income		—	—	—	—	147,573	—	147,573	2,043	149,616
Total comprehensive income for the period	..	—	—	—	—	147,573	3,209,141	3,356,714	(8,746)	3,347,968
Transaction with owners in their capacity as owners:										
Exercise of share option	25	1,470	103,511	—	91,895	—	—	196,876	—	196,876
Conversion of convertible bonds	21	2	339	(40)	—	—	—	301	—	301
Cancellation of treasury shares	27	(11,213)	(988,733)	—	999,946	—	—	—	—	—
Share-based payments	31	—	178,896	—	—	—	—	178,896	804	179,700
Transactions with non-controlling interests	26	—	(11,456)	—	—	—	—	(11,456)	(544)	(12,000)
Dividends declared or paid	30	—	—	—	—	—	(264,460)	(264,460)	—	(264,460)
Disposal of financial assets at fair value through other comprehensive income		—	—	—	—	—	—	—	—	—
Tax impact of share-based payments	9	—	49,657	—	—	(8,107)	8,107	49,657	—	49,657
As of September 30, 2025		(9,741)	(667,786)	(40)	1,091,841	(8,107)	(256,353)	149,814	260	150,074
As of January 1, 2024		1,206,382	10,883,644	233,976	(348,057)	918,052	14,814,716	27,707,713	(7,281)	27,700,432
Comprehensive income										
Profit for the period		—	—	—	—	—	2,375,297	2,375,297	(8,953)	2,366,344
Other comprehensive income		—	—	—	—	(214,239)	—	(214,239)	360	(213,879)
Total comprehensive income for the period		—	—	—	—	(214,239)	2,375,297	2,161,058	(8,593)	2,152,465
Transaction with owners in their capacity as owners:										
Conversion of convertible bonds	1	(1,349)	(166,701)	(6)	168,050	—	—	62	—	62
Repurchase of restricted shares		—	—	—	(999,732)	—	—	(999,732)	—	(999,732)
Repurchase of shares		—	204,911	—	—	—	—	204,911	997	205,908
Share-based payments		—	—	—	—	—	(167,603)	(167,603)	(1,620)	(169,223)
Dividends declared or paid	30	—	—	—	—	—	—	—	—	—
Tax impact of share-based payments	9	—	4,742	—	—	—	—	4,742	—	4,742
As of September 30, 2024		(1,348)	43,019	(6)	(831,682)	—	(167,603)	(957,620)	(623)	(958,243)
		1,214,427	11,372,238	233,025	(1,536,399)	155,697	11,215,276	22,654,264	34,980	22,688,909

APPENDIX IA

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Nine months ended September 30,	2025	2024
			RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities				
Cash generated from operations	32		2,718,800	3,264,727
Interest received			293,786	221,689
Interest paid			(133,126)	(157,927)
Income tax paid			(336,433)	(241,099)
Net cash inflow from operating activities			<u>2,543,027</u>	<u>3,087,390</u>
Cash flows from investing activities				
Payment for acquisition of subsidiaries, net of cash acquired			(120,000)	(100,000)
Payments for financial assets			(1,024,256)	(193,768)
Payments for long-term assets			(1,252,115)	(437,451)
Payment of development expenditure			(555,655)	(458,685)
Cash of a disposed subsidiary			(1,998)	—
Restricted cash paid for investing activities			(12,916)	—
Proceeds from sale of subsidiaries			—	50,000
Proceeds from sale of associates			—	64,768
Proceeds from sale of financial assets			1,097,954	157,831
Proceeds from sale of long-term assets			22,770	7,929
Dividends from financial assets			54,356	16,174
Restricted cash received from investing activities			20,822	—
Net cash outflow from investing activities			<u>(1,771,038)</u>	<u>(893,202)</u>
Cash flows from financing activities				
Proceeds from issues of shares, net of issuance cost			197,326	84,469
Proceeds from borrowings			3,552,810	3,794,000
Repurchase of shares and repurchase transaction cost			—	(999,946)
Repurchase of restricted shares			—	(168,050)
Repayment of borrowings			(2,507,590)	(4,872,586)
Payments of lease liabilities (principal)			(54,417)	(54,288)
Payment for issuance cost			(16,849)	(3,953)
Transactions with non-controlling interests			(9,600)	(22,000)
Dividends paid to owners of the Company			(264,460)	(167,603)
Dividends paid to non-controlling interests in subsidiaries			(1,769)	(6,481)
Net cash inflow/(outflow) from financing activities			<u>895,451</u>	<u>(2,416,438)</u>
Net increase/(decrease) in cash and cash equivalents			1,667,440	(222,250)
Cash and cash equivalents at beginning of the period			10,152,782	9,055,098
Effects of exchange rate changes on cash and cash equivalents			(115,900)	(68,643)
Cash and cash equivalents at end of period	19		<u><u>11,704,322</u></u>	<u><u>8,764,205</u></u>

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION**1 General information**

OmniVision Integrated Circuits Group, Inc. (previously known as Will Semiconductor Co., Ltd. Shanghai) (the “Company”) was incorporated in Shanghai, People’s Republic of China (the “PRC”) on 15 May 2007 as a joint stock company under the laws of the PRC with limited liability. The address of its registered office is 7/F, Building C, Block 1, No. 3000 Longdong Avenue, China (Shanghai) Pilot Free Trade Zone. The Company has its primary listing on The Shanghai Stock Exchange with the stock code of 603501.

The Company and its subsidiaries (collectively, the “Group”), are principally engaged in design, development and sale of integrated circuits (“ICs”).

2 Basis of preparation

This interim condensed consolidated financial information, comprising interim condensed consolidated statement of financial position as of September 30, 2025, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the nine months ended September 30, 2025 (collectively referred to as the “Interim Financial Information”), has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” issued by the International Accounting Standard Board (“IASB”).

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 (the “Historical Financial Information”) as disclosed in Appendix I to the prospectus issued by the Company.

This Interim Financial Information contains consolidated financial statements and selected explanatory notes. The selected notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the latest annual consolidated financial statements as of and for the nine months ended September 30, 2025. 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 (“IFRS”). Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the Historical Financial Information and notes thereto.

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued

2 Basis of preparation—continued

(i) New and amended standards and interpretations not yet adopted

The Group plans to adopt these new standards, amendments to standards and annual improvements when they become effective:

New and amendments to IFRS Accounting Standards issued but not yet effective

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 Accounting Standards	Annual Improvements to IFRS Accounting Standards ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after January 1, 2026

² Effective for annual periods beginning on or after January 1, 2027

³ The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. So far, the Group considers that the impact of these new and amended standards on the Group's results of operations and financial position will not be material.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Historical Financial Information. There were no significant changes in any material risk management policies during the nine months ended September 30, 2025.

3.2 Capital risk management

The Group's objectives on managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

APPENDIX IA**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025****I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued****3 Financial risk management—continued****3.2 Capital risk management—continued**

In order to maintain or adjust the capital structure, the Group could adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by equity attributable to owners of the Company.

As of September 30, 2025 and December 31, 2024, the gearing ratio of the Group is as follows:

	As of September 30, 2025	As of December 31, 2024
	RMB'000	RMB'000
Net debt	(926,684)	(424,673)
Equity attributable to owners of the Company	27,707,713	24,201,185
Gearing ratio (%)	Not applicable	Not applicable

3.3 Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value as of September 30, 2025 and December 31, 2024:

<u>As of September 30, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at FVPL				
—Listed securities	104	98,806	—	98,910
—Private companies	—	—	645,698	645,698
—Investment funds	—	—	2,992,124	2,992,124
Financial assets at FVOCI				
—Listed securities	1,779,362	—	—	1,779,362
—Private companies	—	—	6,554	6,554
—Bank acceptance bill	—	104,450	—	104,450
Total financial assets	<u>1,779,466</u>	<u>203,256</u>	<u>3,644,376</u>	<u>5,627,098</u>
Financial liabilities				
Financial liabilities at FVPL				
—Contingent consideration	—	—	92,720	92,720

APPENDIX IA**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025****I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued****3 Financial risk management—continued****3.3 Fair value estimation—continued**

<u>As of December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Financial assets				
Financial assets at FVPL				
—Listed securities	4,205	—	—	4,205
—Private companies	—	—	644,445	644,445
—Investment funds	—	—	2,698,106	2,698,106
Financial assets at FVOCI				
—Listed securities	1,642,153	—	—	1,642,153
—Private companies	—	—	6,554	6,554
—Bank acceptance bill	—	116,383	—	116,383
Total financial assets	<u>1,646,358</u>	<u>116,383</u>	<u>3,349,105</u>	<u>5,111,846</u>
Financial liabilities				
Financial liabilities at FVPL				
—Contingent consideration	<u>—</u>	<u>—</u>	<u>187,790</u>	<u>187,790</u>

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade and other receivables and the Group's financial liabilities, including borrowing, trade and other payables approximate to their fair values due to their short maturities.

The level 3 instruments mainly include investments in private companies, investment funds, structured deposits and contingent consideration. As these instruments are not trade in an active market, their fair values have been determined using various applicable methodologies.

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued

3 Financial risk management—continued

3.3 Fair value estimation—continued

The following table presents the changes in level 3 financial instruments for the nine months ended September 30, 2025:

	Financial assets				Financial liabilities
	Private companies	Investment funds	Structured deposits	Total	Contingent consideration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As of December 31, 2024	650,999	2,698,106	—	3,349,105	187,790
Addition	—	355,195	650,000	1,005,195	—
Disposal	—	(78,608)	(650,488)	(729,096)	(100,000)
Changes in fair value	1,253	17,431	488	19,172	4,930
As of September 30, 2025	<u>652,252</u>	<u>2,992,124</u>	<u>—</u>	<u>3,644,376</u>	<u>92,720</u>

For investments in private companies, investment funds, structured deposits, the Group determines the fair value through counterparties' quotations and valuation techniques, etc. Valuation techniques include discounted cash flow analysis and the market comparison approach, etc. The fair value measurement of these financial instruments may involve important unobservable inputs such as liquidity discount, net asset value, expected return rate, etc.

The fair value of certain private companies is determined by recent transaction price approach, which require market information of recent transactions, such as recent fund-raising transactions undertaken by the investees.

The Group invested in limited partnership investment funds with limited life and the investment fund invested in private companies in the form of ordinary shares or preferred shares that are measured at fair value through profit or loss. The fair value of investment funds is calculated based on the fair value of underlying investments and the predetermined distribution mechanism of returns set out in the fund agreement.

For contingent consideration, the Group determines the fair value based on estimation of completion of performance condition. Management considered that any reasonable changes would not result in a significant change in the Group's results.

4 Critical accounting estimates and Judgments

The preparation of the interim financial information in conformity with IAS 34 requires management to make Judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied to the Historical Financial Information.

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued

5 Segment information

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the chief executive officers and the vice presidents of the Group that make strategic decisions.

The Group has the following reportable segments of semiconductor design and sale ("Design") and semiconductor distribution ("Distribution") for the Track Record Period.

The CODM assess the performance of the operating segments mainly based on revenue, gross profit and net profit of each operating segment. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statements of comprehensive income. Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated financial statements. There was no segment assets or segment liabilities information provided to the CODM.

The segment information provided to the CODM for the nine months ended September 30, 2025 and 2024 is as follows:

(Unaudited)

	Nine months ended September 30, 2025			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	18,164,039	6,744,848	(3,144,489)	21,764,398
Gross profit	6,145,358	302,314	(19,377)	6,428,295
Net profit	3,082,844	129,783	(14,275)	3,198,352

(Unaudited)

	Nine months ended September 30, 2024			
	Design	Distribution	Inter-segment elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	16,145,206	4,649,088	(1,889,373)	18,904,921
Gross profit	5,172,347	234,654	(8,126)	5,398,875
Net profit	2,292,175	77,903	(3,734)	2,366,344

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
6 Revenue

The Group derives revenues from the sale of goods and provision of services at a point in time in the following revenue streams:

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Product type		
— Semiconductor design and sales	18,042,303	16,075,926
Advanced digital imaging solution . . .	16,114,267	14,276,646
Display solution	714,276	773,721
Analog solution	1,213,760	1,025,559
— Semiconductor distribution	3,652,793	2,781,501
— Technical service	61,612	21,058
— Others	7,690	26,436
	<u>21,764,398</u>	<u>18,904,921</u>
Revenue recognition point:		
— At a point in time	<u>21,764,398</u>	<u>18,904,921</u>

(i) Liabilities related to contracts with customers

	As of September 30,	As of December 31,
	2025	2024
	RMB'000 (Unaudited)	RMB'000
Goods	71,563	52,501
Services	173,142	173,172
Total contract liabilities	<u>244,705</u>	<u>225,673</u>

7 Expenses by nature

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Changes in inventories of finished goods and work in progress		(1,371,505)	(582,579)
Materials used for production and processing charges		15,368,571	13,109,808
Write-down of inventory to net realizable value	17,22	188,235	203,327
Employee benefits expenses		2,681,371	2,279,919
Depreciation and amortization		968,818	891,260
Professional service fee		214,048	225,370
Audit fee		1,574	1,574
Licenses fee		208,275	192,810

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
7 Expenses by nature—continued

	<u>Note</u>	<u>Nine months ended September 30,</u>	
		<u>2025</u>	<u>2024</u>
		<u>RMB'000</u>	<u>RMB'000</u>
		<u>(Unaudited)</u>	<u>(Unaudited)</u>
Material used for research and development		279,976	177,103
Impairment of development expenditure		3,032	9,437
Impairment of intangible assets		19,534	4,956
Office expenses		113,449	74,777
Utilities		64,714	54,254
Lease expenses		28,572	27,955
Taxes and surcharges		29,037	29,352
Bank charges		20,707	18,914
Travel expenses		37,069	32,287
Marketing expenses		17,277	13,850
Entertainment expenses		17,804	16,455
Other expenses		107,944	98,989
		<u>18,998,502</u>	<u>16,879,818</u>

For the nine months ended September 30, 2025 and 2024, development costs amounting to RMB555.7 million and RMB458.7 million were capitalized in development expenditure, respectively.

8 Finance income and costs

	<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>
	<u>RMB'000</u>	<u>RMB'000</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<i>Finance income</i>		
— Bank deposit interest income	<u>291,748</u>	<u>233,524</u>
<i>Finance costs</i>		
— Interests on borrowing	138,357	151,249
— Interests on convertible bonds	84,446	86,823
— Interests on lease liabilities	<u>5,810</u>	<u>6,621</u>
	<u>228,613</u>	<u>244,693</u>
Finance costs, net	<u>63,135</u>	<u>(11,169)</u>

APPENDIX IA**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025****I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued****9 Income tax expense****(i) Income tax expense**

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current income tax	268,194	174,122
Deferred income tax	66,132	56,550
Income tax expense	<u>334,326</u>	<u>230,672</u>

Effective January 1, 2025, the European Union, Singapore, and Hong Kong jurisdictions in which the Group operates, implemented the Pillar Two rules as issued by the Organization for Economic Co-operation and Development (OECD). These rules introduce a 15% minimum effective tax rate under the Global Anti-Base Erosion (GloBE) framework. Where the jurisdictional GloBE effective tax rate falls below the minimum, a top-up tax is levied to bridge the difference.

(ii) Amounts recognized directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognized in net profit or loss or other comprehensive income but directly debited or credited to equity:

	Nine months ended September 30,	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Share-based payments	<u>49,657</u>	<u>4,742</u>

The share-based payments could be deducted as employees' benefit for tax purpose. The tax impact related to the share-based payments deducted for tax exceed the share-based payments recognized in profit or loss is directly recognized in equity.

10 Earnings per share**(i) Earnings per share**

	Nine months ended September 30,	
	2025	2024
	RMB (Unaudited)	RMB (Unaudited)
Basic earnings per share	2.67	1.98
Diluted earnings per share	<u>2.66</u>	<u>1.98</u>

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I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued**10 Earnings per share—continued**

(ii) Reconciliations of earnings used in calculating earnings per share

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit as presented in the statements of comprehensive income	3,198,352	2,366,344
Less: profit attributable to NCI	10,789	8,953
Profit attributable to the ordinary shareholders of the Company used in calculating basic and diluted earnings per share	<u>3,209,141</u>	<u>2,375,297</u>

(iii) Weighted average number of shares used as the denominator

	Nine months ended September 30,	
	2025	2024
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share . . .	1,201,398,330	1,199,036,486
Adjustments for calculation of diluted earnings per share:		
Share option	<u>4,721,554</u>	<u>2,309,179</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>1,206,119,884</u>	<u>1,201,345,665</u>

11 Property, plant and equipment

	As of September 30,	As of December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Freehold land	246,206	249,078
Buildings	1,352,954	1,295,892
Machinery	1,723,003	1,524,541
Vehicles	2,057	1,586
Equipment	70,852	54,451
Property and land improvements	<u>99,542</u>	<u>117,220</u>
	<u>3,494,614</u>	<u>3,242,768</u>

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
12 Intangible assets

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000
Software	27,692	28,990
Technology	531,385	608,760
Trademark	57,896	94,193
Internally generated technology	1,146,493	1,114,735
Emission	—	515
License	51,128	39,346
	<u>1,814,594</u>	<u>1,886,539</u>

13 Development expenditure

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000
Advanced digital imaging solution	1,207,816	1,033,753
Display solution	26,097	29,722
	<u>1,233,913</u>	<u>1,063,475</u>

14 Goodwill

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000
Advanced digital imaging solution	2,325,653	2,325,653
Display solution	618,230	625,299
Analog solution	681,235	681,235
	<u>3,625,118</u>	<u>3,632,187</u>

15 Financial assets at FVOCI

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	RMB'000 (Unaudited)	RMB'000
Non-current assets		
— Listed securities	1,779,362	1,642,153
— Private companies	6,554	6,554
	<u>1,785,916</u>	<u>1,648,707</u>
Current assets		
— Bank acceptance bill	104,450	116,383

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
16 Financial assets at FVPL

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Non-current assets		
— Listed securities	98,910	4,205
— Private companies	645,698	644,445
— Investment funds	2,992,124	2,698,105
	<u>3,736,732</u>	<u>3,346,755</u>

17 Inventories

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Work-in-progress	5,500,420	3,566,328
Finished goods	2,566,520	3,388,795
Technical service cost	2,916	1,075
	<u>8,069,856</u>	<u>6,956,198</u>

Write-downs of inventories to net realizable value amounted to RMB118.1 million and RMB211.7 million were recognized as an expense included in cost of sales for the nine months ended September 30, 2025 and 2024, respectively.

18 Trade and other receivables

	<u>Note</u>	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
		<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Notes receivable		91,264	24,402
Trade receivables	(i)	4,716,392	3,963,932
Other receivables		73,088	57,801
		<u>4,880,744</u>	<u>4,046,135</u>

(i) Trade receivables

	<u>Note</u>	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
		<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Trade receivables from third parties		4,976,304	4,192,301
Trade receivables from related parties	34	99,284	89,470
		<u>5,075,588</u>	<u>4,281,771</u>
Less: allowance for impairment		(359,196)	(317,839)
		<u>4,716,392</u>	<u>3,963,932</u>

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
19 Cash and cash equivalents and restricted cash

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Cash on hand	182	141
Cash at bank	11,428,198	10,155,019
Others	344,776	30,188
Less: pledged for deposit or guarantee	(68,834)	(32,566)
	<u>11,704,322</u>	<u>10,152,782</u>

20 Borrowings

	<u>As of September 30, 2025</u>			<u>As of December 31, 2024</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
	<u>RMB'000</u>	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Bank borrowings						
— Secured	—	—	—	49,500	222,750	272,250
— Unsecured	5,531,766	2,277,683	7,809,449	3,507,800	3,249,200	6,757,000
Discounting of acceptance bill	226,189	—	226,189	4,806	—	4,806
Interest accrual	5,772	—	5,772	7,025	—	7,025
Bank borrowings	<u>5,763,727</u>	<u>2,277,683</u>	<u>8,041,410</u>	<u>3,569,131</u>	<u>3,471,950</u>	<u>7,041,081</u>

The bank borrowings bear annual interest rates at a range of 2.11%-2.70% and 2.38%-3.00% as of September 30, 2025 and December 31, 2024, respectively. The Group has complied with the financial covenants of its bank borrowings during the reporting periods presented.

21 Convertible bonds

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Opening balance	2,523,927	2,443,920
Interest accrual	84,446	116,662
Interest payment	—	(36,494)
Conversion	(433)	(161)
Over-provision	(42,129)	—
Closing balance	<u>2,565,811</u>	<u>2,523,927</u>

For the nine months ended September 30, 2025, the convertible bonds with principal amount of RMB413,000 were converted into 2,536 A shares of the Company. As a result of the conversion, the capital reserve of RMB339,000 were recognized and the other equity instrument of RMB40,000 were derecognized.

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22 Provision

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Uncertain taxes	492,050	416,753
Onerous contracts	10,929	16,580
	<u>502,979</u>	<u>433,333</u>

23 Financial liabilities at FVPL

	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
	<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Contingent consideration		
— Non-current portion	—	88,760
— Current portion	92,720	99,030
	<u>92,720</u>	<u>187,790</u>

24 Trade and other payables

	<u>Note</u>	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
		<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Trade payables	(i)	2,524,874	1,935,439
Other payables	(ii)	1,077,699	1,185,413
		<u>3,602,573</u>	<u>3,120,852</u>

(i) Trade payables

	<u>Note</u>	<u>As of September 30,</u> <u>2025</u>	<u>As of December 31,</u> <u>2024</u>
		<u>RMB'000</u> <u>(Unaudited)</u>	<u>RMB'000</u>
Trade payables to third parties		2,523,579	1,935,142
Trade payables to related parties	34	1,295	297
		<u>2,524,874</u>	<u>1,935,439</u>

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
24 Trade and other payables—continued
(ii) Other payables

	As of September 30, 2025	As of December 31, 2024
	RMB'000 (Unaudited)	RMB'000
Payables for rebate	726,743	929,210
Payables for long-term assets	188,951	60,693
Payables for commission	27,341	21,257
Accruals	19,071	74,225
Deposit	18,266	14,513
Payables for other taxes	44,112	52,742
Payables for NCI's dividend	1,844	2,803
Payables for transaction with NCI	2,400	—
Others	48,971	29,970
	<u>1,077,699</u>	<u>1,185,413</u>

25 Share capital

	Note	Nine months ended September 30,			
		2025		2024	
		Number of shares	Share capital RMB'000 (Unaudited)	Number of shares	Share capital RMB'000 (Unaudited)
Opening balance		1,216,123,535	1,216,123	1,215,775,357	1,215,775
Exercise of share option	(i)	1,469,541	1,470	—	—
Conversion of convertible bonds	21	2,536	2	372	1
Cancellation of treasury shares	(ii)	(11,213,200)	(11,213)	—	—
Repurchase of restricted shares		—	—	(1,348,717)	(1,349)
Closing balance		<u>1,206,382,412</u>	<u>1,206,382</u>	<u>1,214,427,012</u>	<u>1,214,427</u>

- (i) During the nine months ended September 30, 2025, 2,504,864 share options were exercised by employees with the proceeds of RMB196.9 million. Except for that 1,035,323 A shares were transferred to employees by using treasury shares held by the Company, all other A shares were newly issued by the Company to employees. As a result of exercise of share options, share capital of RMB1.5 million and capital reserves of RMB103.5 million were recognized, while treasury shares amounting to RMB91.9 million were derecognized. Information relating to the Company's share-based incentive plan is set out in note 31.
- (ii) The cancellation of treasury shares was approved by the shareholders at the 2024 annual general meeting and the 11,213,200 shares were canceled in August 2025. As a result of cancellation, share capital of RMB11.2 million and capital reserves of RMB988.7 million were derecognized for the nine months ended September 30, 2025.

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**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
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26 Capital reserves

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Opening balance		11,551,430	11,329,219
Exercise of share option	25(i)	103,511	—
Conversion of convertible bonds	21	339	67
Cancellation of treasury shares	25(ii)	(988,733)	—
Repurchase of restricted shares		—	(166,701)
Transaction with NCI	(i)	(11,456)	—
Share-based payments	31	178,896	204,911
Tax impact for share-based payments	9	49,657	4,742
Closing balance		10,883,644	11,372,238

(i) During the nine months ended September 30, 2025, the Group acquired 40% equity interest of Shanghai Simpli Semiconductor, Co., Ltd. for consideration of RMB12.0 million. Excess of consideration paid amounting to RMB11.5 million was recognized in capital reserve.

27 Treasury shares

	Note	Nine months ended September 30,			
		2025		2024	
		Number of shares	Share capital	Number of shares	Share capital
			RMB'000 (Unaudited)		RMB'000 (Unaudited)
Opening balance		16,169,686	1,439,898	7,394,828	704,717
Repurchase of restricted shares		—	—	(1,348,717)	(168,050)
Repurchase of shares		—	—	11,213,200	999,732
Exercise of share option	25(i)	(1,035,323)	(91,895)	—	—
Cancellation of treasury shares	25(ii)	(11,213,200)	(999,946)	—	—
Closing balance		3,921,163	348,057	17,259,311	1,536,399

28 Other reserves

	Surplus reserves	Financial assets at FVOCI	Currency translation differences	Investments accounted by equity method	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
As of December 31, 2024	203,693	(374,828)	951,261	(1,540)	778,586
Net fair value gains on financial assets at FVOCI	—	499,125	—	—	499,125
Currency translation differences	—	—	(272,295)	150	(272,145)
NCI share in translation differences	—	—	(2,043)	—	(2,043)
Transfer to retained earnings	—	(8,107)	—	—	(8,107)
Tax impact	—	(77,364)	—	—	(77,364)
As of September 30, 2025	203,693	38,826	676,923	(1,390)	918,052

APPENDIX IA
**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**
**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
28 Other reserves—continued

	Surplus reserves	Financial assets at FVOCI	Currency translation differences	Investments accounted by equity method	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
As of December 31, 2023	148,039	(445,762)	668,450	(791)	369,936
Net fair value gains on financial assets at FVOCI	—	6,501	—	—	6,501
Currency translation differences	—	—	(219,938)	(154)	(220,092)
NCI share in translation differences	—	—	360	—	360
Tax impact	—	(1,008)	—	—	(1,008)
As of September 30, 2024	<u>148,039</u>	<u>(440,269)</u>	<u>448,872</u>	<u>(945)</u>	<u>155,697</u>

29 Retained earnings

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Opening balance		11,861,928	9,007,582
Profit for the period		3,209,141	2,375,297
Transfer from other reserves	28	8,107	—
Dividends	30	(264,460)	(167,603)
Closing balance		<u>14,814,716</u>	<u>11,215,276</u>

30 Dividend

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Final dividend per fully paid share	(i)	<u>264,460</u>	<u>167,603</u>

(i) 2024 dividend distribution plan (cash dividend of RMB2.2 (tax included) per ten shares) was approved by the shareholders at the 2024 annual general meeting held on June 10, 2025 and the dividend amounting to RMB264.5 million was distributed on August 1, 2025.

In addition to the above dividends, the directors have recommended the payment of an interim dividend of RMB4.0 per 10 shares (including tax). The aggregate amount of the proposed dividend expected to be paid at the end of 2025 out of retained earnings at September 30, 2025, but not recognized as a liability as of September 30, 2025, is approximate RMB480.1 million.

31 Share-based payments

The Company adopted the share-based incentive plan on annual basis. The share-based incentive plan is designed to provide an incentive for all employees to deliver long-term shareholder returns. Under the plan, participants are granted share options or restricted shares which only vest if certain performance conditions are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued

31 Share-based payments—continued

In October 2023, the Company adopted 2023 incentive plan that granted 19,987,450 share options at the initial exercise price of RMB78.97 per share to 2,856 employees and the share option would be exercisable in three tranches within 36 months.

In March 2025, the Company adopted 2025 incentive plan that granted 19,983,400 share options at the initial exercise price of RMB139.29 per share to 3,361 employees and the share option would be exercisable in three tranches within 36 months.

The above-mentioned share-based incentive plan, in addition to meeting the granting conditions, must also meet the requirements of 1) the Company's performance condition; 2) the incentive recipients' performance condition on the individual basis, so that the incentive recipients' share options or restricted shares could be exercisable or attributable. The corresponding number of share options or the restricted shares as well as the exercise price will be adjusted in case of transfer from capital reserves to share capital, distribution of dividends, share split, allotment of shares, share consolidation, etc. The share options are not entitled to dividends and voting right while the restricted shares are entitled to dividends and voting rights.

Share options

Set out below are summaries of share options granted under the plans:

	Number of share options			
	2022 plan	2023 plan	2025 plan	Total
As of December 31, 2024	6,064,828	16,538,965	—	22,603,793
Granted during the period	—	—	19,983,400	19,983,400
Exercised during the period	—	(2,504,864)	—	(2,504,864)
Forfeited during the period	(6,064,828)	(700,214)	—	(6,765,042)
As of September 30, 2025	—	13,333,887	19,983,400	33,317,287
Vested and exercisable at September 30, 2025	—	493,213	—	493,213

APPENDIX IA
**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2025**
**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued**
32 Note to consolidated statements of cash flows
(i) Cash used in operations

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit before income tax		3,532,678	2,597,016
Adjustments for:			
Depreciation and amortization		975,301	897,826
Inventory write-down	7	188,235	203,327
Loss allowance for financial assets		46,593	23,752
Impairment	7	22,566	14,393
Share based payments		179,701	205,908
Net losses/(gains) on sale of long-term assets		7	(5,071)
Net gains on financial assets		(152,915)	(12,142)
Net gains on subsidiaries and associates		369	(50,091)
Net losses on financial liabilities		4,930	2,650
Share of losses/(gains) of equity-method			
investees		832	(3,629)
Finance costs, net	8	(63,135)	11,169
Changes in working capital:			
Receivables		(969,146)	(614,249)
Inventories		(1,371,505)	(582,579)
Payables		324,289	576,447
Net cash inflow from operations		<u>2,718,800</u>	<u>3,264,727</u>

33 Commitments

Significant capital expenditure contracted but not recognized as liabilities as of September 30, 2025 and December 31, 2024 was as follows:

	As of September 30,	As of December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Property, plant and equipment	839,177	1,063,766
Intangible assets	179,215	60,000
	<u>1,018,392</u>	<u>1,123,766</u>

I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION—continued

34 Related party transactions

(i) Parent

The ultimate beneficial owner of the Company is Mr. Yu Renrong. As of September 30, 2025, Mr. Yu Renrong directly held 333,472,250 A shares of the Company and owned 74,132,662 A shares of the Company through Shaoxing Weihao Equity Investment Funds Management Partnership (Limited Partnership), which is controlled by Mr. Yu Renrong. In addition, Mr. Yu Xiaorong, a close relative of Mr. Yu Renrong, held 972,000 A shares of the Company. In total, Mr. Yu Renrong held 408,576,912 A shares of the Company, accounting for 33.87% of the Company's total shareholding and voting rights as of September 30, 2025.

(ii) Transactions with related parties

	Note	Nine months ended September 30,	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<i>Sales and purchases of goods and services</i>			
Sale of goods to associates		255	185
Provision of service to associates		806	1,318
Purchase of goods from associates		11,318	2,770
<i>Other transactions</i>			
Leases to associates		6,625	7,404

(iii) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	As of September 30,	As of December 31,
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	
Trade receivables from associates	99,284	89,470
Less: allowance for impairment	(35,296)	(28,768)
	63,988	60,702
Trade payables to associates	1,295	297

(iv) Terms and conditions

Goods were sold to associates during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and market rates. Outstanding balances are unsecured and are settled in cash.

**I. NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL
INFORMATION—continued****35 Contingencies**

The Group is and, from time to time, may in the future become, involved in other legal proceedings in the ordinary course of business. The management currently believes that the outcome of any of these existing legal proceedings, including the aforementioned cases, either individually or in the aggregate, will not have a material impact on the operating results, financial condition or cash flows of the Group. With respect to existing legal proceedings, the management has either determined that the existence of a material loss is not reasonably possible or that it is unable to estimate a reasonably possible loss or range of loss.

36 Subsequent events

The 2025 interim profit distribution plan of a cash dividend of RMB4.0 per 10 shares (including tax) was approved by the directors at the meeting held on October 28, 2025 and the aggregate amount of dividend amounting to RMB482.2 million was paid on November 24, 2025.

The information set forth in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" to this prospectus and the "Accountants' Report" set forth in Appendix I to this prospectus.

(A) 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 prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set forth 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 at June 30, 2025 as if the Global Offering had taken place on June 30, 2025.

This unaudited pro forma statement of adjusted consolidated net tangible assets 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 attributable to owners of the Company as at June 30, 2025 or at any future dates following the Global Offering. It is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 as set out in the Accountants' Report on historical financial information of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 RMB'000 (note 1)	Estimated net proceeds from the Global Offering RMB'000 (note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share	
				RMB (note 3)	HK\$ (note 4)
Base on an Offer Price of HK\$104.80 per H Share	19,570,102	4,255,777	23,825,879	19.09	21.06

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company of RMB26,192,896,000 as at June 30, 2025 with an adjustment for intangible assets, development expenditure and goodwill of RMB1,896,724,000, RMB1,096,424,000 and RMB3,629,646,000, respectively, as at June 30, 2025.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$104.80, being the maximum offer price, after deduction of the estimated underwriting fees and other related listing expenditure payable by the Company (excluding the listing expense that have charged to profit or loss during the Track Record Period), taking into no account of shares which may be issued upon the exercise of options granted under the plan of share options, conversion of convertible bonds and the over-allotment option and upon the vesting of restricted shares that have been or may be granted from time to time and no under the plan of restricted shares.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of June 30, 2025 per share is calculated based on a total of 1,247,836,286 shares (representing 1,217,170,649 shares in issue as of June 30, 2025, excluding 15,134,363 treasury shares as of June 30, 2025, adding 45,800,000 offer shares under the Global Offering), assuming that the Global Offering had been completed on June 30, 2025 but does not take into account of any shares which may be issued upon the exercise of options granted under the plan of share options, conversion of convertible bonds and the over-allotment and upon the vesting of restricted shares that have been or may be granted from time to time under the plan of restricted shares.
- (4) For the purpose of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share, the amounts in Hong Kong dollar are converted into RMB at the rate of RMB0.9068 to HK\$1. No representation is made that the RMB amounts have been, could have been to Hong Kong dollar, or vice versa, at that rate or any other rates at all.

- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2025 to reflect any trading results or other transactions of the Group entered into. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company has not taken into account the dividend declared by the directors in October and paid in November 2025 of RMB482,193,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would have been HK\$20.63 per Share, base on the maximum offer price of HK\$104.80, assuming the dividend distribution were completed on June 30, 2025.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong.



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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of OmniVision Integrated Circuits Group, Inc.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of OmniVision Integrated Circuits Group Inc. (the "Company") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Company as at June 30, 2025, and related notes as set out on pages II-1 to II-2 of Appendix II of the Company's prospectus dated December 31, 2025 (the "Prospectus") in connection with the proposed initial public offering of the shares of the Company (the "Global Offering"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Global Offering on the Company's consolidated financial position as at June 30, 2025 as if the Global Offering had taken place at June 30, 2025. As part of this process, information about the Company's consolidated financial position has been extracted by the directors of the Company from the Company's financial information as at June 30, 2025, on which an accountants' report set out in Appendix I of the Prospectus has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company 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 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, 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 of the Company 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 unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of the Global Offering 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 event or transaction as at December 31, 2024 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited 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 entity, the event or 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 by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited

Certified Public Accountants

Hong Kong

December 31, 2025

I. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are residents or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current effective laws and practices, and no predictions are made about changes or adjustments to relevant laws or policies, and no comments or suggestions will be made accordingly. The discussion has no intention to cover all possible tax consequences resulting from the investment in H Shares, nor does it take the specific circumstances of any particular investor into account. Accordingly, you should consult your own tax advisor regarding the tax consequences of an investment in H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this document, which is subject to change or adjustment and may have retrospective effect. No issues on PRC or Hong Kong taxation other than income tax, capital appreciation and profit tax, business tax/appreciation tax, stamp duty and estate duty were referred in the discussion. Prospective investors are urged to consult their financial advisors regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Share.

II. TAXATION IN THE PRC

1. Taxation on Dividends

(i) Individual Investor

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. Pursuant to the Circular on Certain Issues Concerning the Notice of the MOF and the STA on Policies of Individual Income Tax (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》) promulgated on 13 May 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

(ii) Enterprise Investors

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign-invested enterprises; a non-resident enterprise is generally subject to enterprise income tax at a rate of 20% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. The aforesaid income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-Resident Enterprise Shareholders of H Shares (《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》), which was issued by the SAT on November 6, 2008, further clarifies that a PRC-resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-resident enterprise

shareholders of H Shares in 2008 and any subsequent year. In addition, the Response of the STA to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-resident Enterprise from Holding Stock such as B Shares (《國家稅務總局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復》), which was issued by the SAT on July 24, 2009, further provides that any PRC-resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Double Tax Avoidance Arrangement, which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion 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》第五議定書), which came in to effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the STA on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

(iii) Tax Treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau are entitled to a reduction of the withholding taxes imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties/Arrangements with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant income tax treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the Chinese tax authorities.

2. Taxation on Share Transfer

(i) Individual Investor

According to the IIT Law and its implementation rules, gains realized on the sale of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%.

Pursuant to the Circular of the MOF and the STA on Continuing to Temporarily Exempt Individual Income Tax on Income from the Transfer of Shares by Individuals (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF and the SAT in March 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises shall continue to be exempted from individual income tax. On December 31, 2009, the MOF, the SAT and CSRC jointly issued the Circular on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), this circular provides that any individual's income from the transfer of listed shares on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice of the MOF, the STA and the CSRC on Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares of Listed Company (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued by the abovementioned three departments on November 10, 2010).

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that whether individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

(ii) Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to enterprise income tax at the rate of a 20% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

3. Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》) issued by the SCNPC on June 10, 2021 and implemented on July 1, 2022, the PRC stamp duty applies to entities and individuals that conclude taxable documents and conduct securities transactions within the PRC and the entities and individuals that conclude taxable documents outside the PRC which are used within the PRC. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies does not apply to the acquisition and disposal of H shares outside the PRC by non-PRC investors.

4. Estate Duty

The PRC currently does not impose any estate duty.

III. MAJOR TAXES ON OUR COMPANY IN THE PRC

Please refer to the section headed “Regulatory Overview” in this document.

IV. PRC LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated on January 29, 1996 and amended from time to time, the RMB is generally freely convertible for current account items, including the distribution of dividends, trade and service related foreign exchange transactions, but not for capital account items, such as direct investment, loan, repatriation of investment and investment in securities outside the PRC, unless the prior approval of the SAFE or its designated banks is obtained.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control 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》), which was promulgated and came into effective on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including but not limited to foreign currency capital and foreign debts) may convert from foreign currency into RMB on self-discretionary basis. The ratio of the discretionary exchange rate of foreign exchange receipts under domestic capital account is tentatively set at 100%. The SAFE may adjust the above ratio in due course according to the balance of payment status.

According to the Circular of the SAFE on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019, It lifted the restrictions on non-investment foreign-invested enterprises using their capital for domestic equity investment. These enterprises can now use their capital for domestic equity investment as long as it complies with the Negative List and the projects are genuine and compliant.

On December 26, 2014, the SAFE issued the Circular of the SAFE on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》). Pursuant to the notice, a domestic company shall, within 15 business days of the date of the end of its overseas listing issuance, register the overseas listing with the Administration of Foreign Exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a “special account for overseas listing of domestic company” at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance, and transfer of funds for the business concerned.

This Appendix contains a summary of laws and regulations on companies and securities in the PRC. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is with no intention to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, see “Regulatory Overview”.

I. PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the “Constitution”) and is made up of written laws, administrative regulations, local regulations, separate regulations, autonomous regulations, rules and regulations of departments, rules and regulations of local governments, international treaties of which the PRC government is a signatory, and other regulatory documents. Court verdicts do not constitute binding precedents. However, they may be used as judicial reference and guidance. According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the “Legislation Law”), the National People’s Congress (NPC) and the Standing Committee of the National People’s Congress (SCNPC) are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing civil and criminal matters, state organs and other matters. The SCNPC is empowered to formulate 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 are not in conflict with the basic principles of such laws.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people’s congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations.

The ministries and commissions of the State Council, (PBOC), the State Audit Administration, organs endowed with administrative functions directly under the State Council and the organizations prescribed by laws may, in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council and within the limits of their power, formulate rules. The people’s congresses of cities divided into districts and their respective standing committees may formulate local regulations in terms of urban and rural development and management, ecological civilization development, grassroots governance, and historical and cultural protection based on the specific circumstances and actual requirements of such cities, which will become enforceable after being reported to and approved by the standing committees of the people’s congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. 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 nationality (nationalities) in the areas concerned.

The people’s governments of the provinces, autonomous regions, and municipalities directly under the central government and the cities divided into districts or autonomous prefectures may enact rules, in accordance with laws, administrative regulations and the local regulations of their respective provinces, autonomous regions or municipalities.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations or separate regulations may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of local regulations is greater than that of the rules of the local governments at or below the corresponding level. The authority of the rules enacted by the people's governments of the provinces or autonomous regions is greater than that of the rules enacted by the people's governments of the city divided into districts or autonomous prefecture within the administrative areas of the provinces and the autonomous regions.

The NPC has the power to alter or annul any inappropriate laws enacted by its Standing Committee, and to annul any autonomous regulations or separate regulations which have been approved by its Standing Committee but which contravene the Constitution or the Legislation Law. The SCNPC has the power to annul any administrative regulations that contravene the Constitution and laws, to annul any local regulations that contravene the Constitution, laws or administrative regulations, and to annul any autonomous regulations or local regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government, but which contravene the Constitution and the Legislation Law. The State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments. The people's congresses of provinces, autonomous regions or municipalities directly under the central government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees. The people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level. According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC.

According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《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》) passed on June 10, 1981, the Supreme People's Court of the PRC (the "Supreme People's Court") has the power to give general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

II. PRC JUDICIAL SYSTEM

Under the Constitution and the Law on the Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》), the PRC judicial system is made up of the Supreme People's Court, the local people's courts and special people's courts.

The local people's courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The higher level people's courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the judicial administration of the people's courts at all levels.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the “Civil Procedure Law”) was adopted in 1991 and amended in 2007, 2012, 2017, 2021 and 2023, and its latest version has come into effect on January 1, 2024. The Civil Procedure Law sets forth the criteria for instituting a civil action, the jurisdiction of the people’s courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a judicial court where civil actions may be brought, provided that the judicial court is either the plaintiff’s or the defendant’s domicile, the place of execution or implementation of the contract or the place of the object of the action, provided that the provisions of this law regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign national or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country’s judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC.

If any party to a civil action refuses to comply with a judgment or ruling made by a people’s court or an award made by an arbitration panel in the PRC, the other party may apply to the people’s court for the enforcement of the same. There are time limits of two years imposed on the right to apply for such enforcement. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, enforce the judgment in accordance with the law.

A party seeking to enforce a judgment or ruling of a people’s court against a party who is not personally or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people’s court according to PRC enforcement procedures if the PRC has entered into or acceded to an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court’s examination according to the principle of reciprocity. However, if the people’s court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security or against social and public interest, or if other circumstances specified in Article 300 of the Civil Procedure Law occur, the people’s court shall, upon examination, not to recognize or enforce such judgment or ruling.

III. THE PRC COMPANY LAW, OVERSEAS LISTING TRIAL MEASURES AND GUIDANCE FOR ARTICLES OF ASSOCIATION

A joint stock limited company which was 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 PRC Company Law (《中華人民共和國公司法》) which was promulgated by the SCNPC on December 29, 1993, came into effect on July 1, 1994, was latest amended on December 29, 2023 respectively and implemented on July 1, 2024.

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》) and its seven guidelines which were

promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, applicable to the overseas offering and listing of joint stock limited companies; and

The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the “Guidance for Articles of Association”) which was latest amended and came into effect on March 28, 2025 by the CSRC. The related Guidance for Articles of Association are set out in the articles of association of the company, the summary of which is set out in the section entitled “Appendix V — Summary of the Articles of Association” in this document.

Set out below is a summary of the major provisions of the PRC Company Law, Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and Guidance for Articles of Association.

1. General

A joint stock limited company refers to an enterprise legal person incorporated under the PRC Company Law with its registered capital divided into shares. The liability of its shareholders is limited to the amount of shares held by them and the company is liable to its creditors for an amount equal to the total value of its assets.

A joint stock limited company shall conduct its business in accordance with laws and administrative regulations. It may invest in other limited liability companies and joint stock limited companies and its liabilities with respect to such invested companies are limited to the amount invested. Unless otherwise provided by law, the joint stock limited company may not be a contributor that undertakes joint and several liabilities for the debts of the invested companies.

2. Incorporation

A joint stock limited company may be incorporated by promotion or stock floatation.

To incorporate a joint stock limited company by promotion, there must be more than one but not more than 200 promoters, with at least half residing within the PRC.

For a joint stock limited company incorporated by promotion, the timing and voting procedures for the inaugural meeting are determined by the company’s articles of association or the promoters’ agreement. For a joint stock limited company incorporated by stock floatation, the promoters must convene the inaugural meeting within thirty days from the date when the full subscription payment for the shares is received. The promoters are required to notify all subscribers or make a public announcement of the meeting date at least fifteen days in advance. The inaugural meeting can only be held if more than half of the shareholders with voting rights are present. The meeting will discuss and adopt the company’s articles of association and elect directors. Any resolutions made at the inaugural meeting must be approved by a majority of the voting rights held by the shareholders present.

Within 30 days following the conclusion of the inaugural meeting, an authorized representative of the board of directors must apply for the registration of the joint stock limited company’s incorporation with the company registration authority.

If a promoter fails to pay for the shares they have subscribed to, or if the actual value of non-monetary assets contributed as capital is significantly less than the value of the subscribed shares, the other promoters shall bear joint responsibility for the deficiency.

3. Share Capital

The promoters of a company can make capital contributions in cash or in kind, which can be valued in currency and transferable according to law such as intellectual property rights or land use rights based on their appraised value.

If capital contribution is made other than in cash, valuation and verification of the property contributed must be carried out and converted into shares.

A company shall issue registered share.

Under Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, if a domestic enterprise issues shares overseas, it may raise funds and make dividend distributions in foreign currency or RMB.

According to the PRC Company Law, a company must decide between issuing par value shares or no-par value shares as specified in its articles of association.

The transfer of shares by shareholders should be conducted via the legally established stock exchange or in accordance with other methods as stipulated by the State Council.

A joint stock limited company must maintain a register of shareholders at the company, detailing the following: (i) the name and domicile of each shareholder; (ii) amount of capital contributions subscribed for and actually paid by shareholders, the form and date of capital contributions; (iii) the serial numbers of printed share certificates; and (iv) the date on which each shareholder obtaining or losing the shares.

4. Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of equality and fairness. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. The offering price of par value shares can be equal to or greater than the nominal value, but it must not be less than the nominal value.

5. Increase of Share Capital

According to the PRC Company Law, when the joint stock limited company issues new shares, resolutions shall be passed by a shareholders' meeting, approving the class and number of the new shares, the issue price of the new shares, the commencement and end of the new share issuance and the class and amount of new shares to be issued to existing shareholders. For companies issuing no-par value shares, the proceeds from the new share issuance will be credited to the registered capital. When the company launches a public issuance of new shares with the approval of the securities regulatory authorities of the State Council, it shall publish a document and financial and

accounting reports, and prepare the share subscription form. After the new share issuance has been paid up, the change shall be registered with the company registration authorities and an announcement shall be made.

6. Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the PRC Company Law:

it shall prepare a balance sheet and a property list;

the reduction of registered capital shall be approved by a shareholders' meeting;

it shall inform its creditors of the capital reduction within 10 days and publish an announcement of the reduction in the newspaper or the national enterprise credit information public disclosure system within 30 days after the resolution approving the reduction has been passed;

creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts; and

it shall apply to the relevant administration of registration for the registration of the reduction in registered capital.

7. Repurchase of Shares

According to the PRC Company Law, a joint stock limited company may not purchase its shares other than for one of the following purposes: (i) to reduce its registered capital; (ii) to merge with another company that holds its shares; (iii) to grant its shares for carrying out an employee stock ownership plan or equity incentive plan; (iv) to purchase its shares from shareholders who are against the resolution regarding the merger or division with other companies at a shareholders' meeting; (v) use of shares for conversion of corporate bonds issued by the company that can be converted into stock; and (vi) the share buyback is necessary for a listed company to maintain its company value and protect its shareholders' interest.

The purchase of shares on the grounds set out in (i) and (ii) above shall require approval by way of a resolution passed by the shareholders' meeting. For a company's share buyback under any of the circumstances stipulated in (iii), (v) or (vi) above, a resolution of the company's board of directors shall be made by a two-third majority of directors attending the meeting according to the provisions of the company's articles of association or as authorized by the shareholders' meeting.

Following the purchase of shares in accordance with (i), such shares shall be canceled within 10 days from the date of purchase. The shares shall be assigned or deregistered within six months if the share buyback is made under the circumstances stipulated in either (ii) or (iv). The shares held in total by a company after a share buyback under any of the circumstances stipulated in (iii), (v) or (vi) shall not exceed 10% of the company's total issued shares, and shall be assigned or deregistered within three years.

Listed companies making a share buyback shall perform their obligation of information disclosure according to the provisions of the Securities Law. If the share buyback is made under any of the circumstances stipulated in (iii), (v) or (vi) hereof, centralized trading shall be adopted publicly.

8. Transfer of Shares

Shares held by shareholders may be transferred in accordance with the relevant laws and regulations. Pursuant to the PRC Company Law, transfer of shares by shareholders shall be carried out at a legally established securities exchange or in other ways stipulated by the State Council. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the PRC Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail. Shares transferred each year by the directors and senior management of a joint stock limited company during their respective term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot neither be transferred within one year from the listing date of the shares nor within half a year after such person has left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors and senior management.

9. Shareholders

Under the PRC Company Law and the Guidance for Articles of Association, the rights of holders of ordinary shares of a joint stock limited company include:

the right to require, convene, preside over, participate in or send proxies of shareholders to attend shareholders' meeting and to exercise the corresponding voting rights according to the law;

the right to transfer, donate or pledge their shares in accordance with laws, administrative regulations and provisions of the articles of association;

the right to supervise, make suggestions on or question the Company's operations;

the right to inspect the company's articles of association, share register, minutes of shareholders' meetings, resolutions of meetings of the board of directors and financial and accounting reports;

any shareholder who has a different view on a resolution on the merger or division of the Company made by a shareholders' meeting has the right to require the company to buy back his/its shares;

the right to receive dividends and other types of interest distributed in proportion to the number of shares held;

in the event of the termination or liquidation of the company, the right to participate in the distribution of residual properties of the company in proportion to the number of shares held; and

other rights granted by laws, administrative regulations, departmental rules and the company's articles of association.

The obligations of a shareholder include the obligation to abide by the Company's articles of association, to pay the subscription moneys in respect of the shares subscribed for and in accordance with the form of making capital contributions, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholders' obligation specified in the company's articles of association.

10. shareholders' meeting

The shareholders' meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law.

Under the PRC Company Law, the shareholders' meeting exercises the following principal powers:

to elect or replace the directors (other than the representative of the employees of the company) and to decide on matters relating to the remuneration of directors ;

to examine and approve reports of the board of directors;

to examine and approve the company's proposals for profit distribution plans and loss recovery plans;

to decide on any increase or reduction of the company's registered capital;

to decide on the issue of bonds by the company;

to decide on issues such as merger, division, dissolution, liquidation or change of company form and other matters;

to amend the company's articles of association; and

other powers as provided for in the articles of association.

Shareholders' meetings are required to be held once every year. Under the PRC Company Law, an extraordinary shareholders' meeting is required to be held within two months after the occurrence of any of the following:

the number of directors is fewer than the number required by law or less than two-thirds of the number specified in the articles of association;

the aggregate losses of the company which are not recovered reach one-third of the company's total paid-in share capital;

when shareholders alone or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary meeting;

whenever the board of directors deems necessary; or

other circumstances as provided for in the articles of associations.

Under the PRC Company Law, shareholders' meetings shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or does not perform his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of directors shall preside over the meeting.

Where the board of directors is incapable of performing or not performing its duties of convening the shareholders' meeting, the audit committee shall convene and preside over such meeting in a timely manner. In case the audit committee fails to convene and preside over such meeting, shareholders alone or in aggregate holding more than 10% of the company's shares for 90 days consecutively may unilaterally convene and preside over such meeting.

Under the PRC Company Law, notice of shareholders' meeting shall state the time, venue and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. Notice of extraordinary shareholders' meetings shall be given to all shareholders 15 days prior to the meeting. Under the Guidance for Articles of Association, after the notice of the meeting of shareholders is issued, the meeting of shareholders shall not be postponed or canceled without justifiable reasons, and the proposals listed in the notice of meeting of shareholders shall not be canceled. In the event of postponement or cancelation, the convener shall make an announcement and explain the reasons at least two working days before the original meeting date.

There is no specific provision in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting. Pursuant to the Guidance for Articles of Association, the board of directors and the Secretary of the board of directors will cooperate with the meeting of shareholders convened by the audit committee or shareholders. The board of directors will provide the register of shareholders on the date of equity registration. Moreover, when the meeting of shareholders is held, if the shareholders' meeting requests the directors and senior managers to attend the meeting, the directors and senior managers shall attend the meeting and accept the shareholders' questions. Pursuant to the Guidance for Articles of Association, shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the convener in writing 10 days before the meeting of shareholders. The convener shall issue a supplementary notice of the meeting of shareholders within two days after receiving the proposal and announce the contents of the interim proposal.

Under the PRC Company Law, shareholders attending the meeting have one vote per share they hold, except for shares with different voting rights issued by the company. However, shares held by the company are not entitled to any voting rights.

Pursuant to the provisions of the articles of association or a resolution of the shareholders' meeting, the accumulative voting system may be adopted for the election of directors at the shareholders' meeting. Under the accumulative voting system, each share shall be entitled to vote equivalent to the number of directors to be elected at the shareholders' meeting and shareholders may consolidate their voting rights when casting a vote.

Pursuant to the PRC Company Law and the Guidance for Articles of Association, resolutions of the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders present at the meeting. However, resolutions of the shareholders' meeting regarding the following matters shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting: (i) amendments to the articles of association; (ii) the increase or decrease of registered capital; (iii) the merger, division, dissolution, liquidation or change in the form of the company; (iv) any purchase or sale of major assets or any provision of guarantee within one year in an amount in excess of 30% of the Company's latest audited total assets; (v) any equity incentive scheme; and (vi) any other matters specified by laws, administrative regulations or the articles of association and other matters considered by the shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the company and should be adopted by a special resolution.

Under the PRC Company Law, meeting minutes shall be prepared in respect of decisions on matters discussed at the shareholders' meeting. The chairman of the meeting and directors attending the meeting shall sign to endorse such minutes. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

11. Board

Under the PRC Company Law, a joint stock limited company shall have a board of directors comprising more than three members. Members of the board of directors may include representatives of the employees of the company, who shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. The term of a director shall be stipulated in the articles of association, but no term of office shall last for more than three years. Directors may serve consecutive terms if re-elected. A director shall continue to perform his duties in accordance with the laws, administrative regulations and articles of association until a duly re-elected director takes office, if re-election is not conducted in a timely manner upon the expiry of his term of office, or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors mainly exercises the following powers:

to convene the shareholders' meetings and report on its work to the shareholders' meetings;

to implement the resolutions passed in shareholders' meetings;

to decide on the company's business plans and investment proposals;

to formulate the company's profit distribution proposals and loss recovery proposals;

to formulate proposals for the increase or reduction of the company's registered capital and the issuance of corporate bonds;

to prepare plans for the merger, division, dissolution and change in the form of the company;

to formulate the company's basic management system; and

to exercise any other powers under the articles of association or as granted by the shareholders' meeting.

12. Board Meetings

Under the PRC Company Law, meetings of the board of directors of a joint stock limited company shall be convened at least twice a year. Notice of meeting shall be given to all directors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of voting rights, more than one-third of the directors. The chairman shall convene and preside over such meeting within 10 days after receiving such proposal. Meetings of the board of directors shall be held only if half or more of the directors are present. Resolutions of the board of directors shall be passed by more than half of all directors. Each director shall have one vote for resolutions to be approved by the board of directors. Directors shall attend board meetings in person. If a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization to attend the meeting on his behalf.

If a resolution by the board of directors violates the laws, administrative regulations, the articles of association, or resolutions of the shareholders' meetings, resulting in serious losses for the company, the directors involved in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from that liability.

13. Chairman of the Board

Under the PRC Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half 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 work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his duties, a director nominated by more than half of the directors shall perform his duties.

14. Qualification of Directors

The PRC Company Law provides that the following persons may not serve as a director:

a person who is unable or has limited ability to undertake any civil liabilities;

a person who has been convicted of bribery, corruption, embezzlement, misappropriation of property, or destruction of the socialist market economy order; or who has been deprived of political rights due to crimes, in cases where less than five years have passed since completing the sentence; or who has been deprived of political rights due to crimes, in cases where less than two years have passed since completing the probation period.

a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law and has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; or

a person who is liable for a relatively large amount of debts that are overdue or is designated by the people's court as an untrustworthy debtor.

15. Audit Committee

A joint stock limited company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the supervisory committee as provided for in the Company Law. It may not have a supervisory committee or supervisors. The Audit Committee shall be composed of at least 3 members, and more than half of the members shall not assume any position other than the director in the company and shall not have any relationship with the company that may affect their independent and objective judgments.

A resolution made by the audit committee shall be adopted by more than half of the members thereof. For voting on a resolution of the audit committee, each member shall have one vote. The discussion methods and voting procedures of the audit committee shall be prescribed in the articles of association, unless it is otherwise provided for by the company law.

Where a public listed company has an audit committee under the board of directors, the following matters shall be approved by more than half of all audit committee members before being approved by the board of directors:

the accounting firm that hires and dismisses the company that audits the company;

appoint and dismiss the person responsible for finance.

disclosure of financial accounting reports.

other matters stipulated by the securities regulatory authority of the State Council.

16. Manager and Senior Management

According to the PRC Company Law and the Guidance for Articles of Association, a manager shall be appointed by the company, with their hiring or dismissal determined by the board of directors. The manager is accountable to the board and exercises authority in accordance with the articles of association or as authorized by the board. The manager attends board meetings.

According to the PRC Company Law, senior management shall mean the manager, deputy manager(s), person-in-charge of finance, board secretary (in case of a listed company) of a company and other personnel as stipulated in the articles of association.

17. Duties of Directors and Senior Management

Directors and senior management of the company are required under the PRC Company Law to comply with the relevant laws, regulations and the articles of association, and they assume the obligation of loyalty to the company and the duty of diligence to the company. Directors and senior management are prohibited from abusing their powers to accept bribes or other unlawful income and from misappropriating of the company's properties. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager. Compliance with the foregoing requirements is also required for the Company's controlling shareholders or de facto controllers who do not serve as the Company's directors but actually carry out the Company's affairs. Directors and senior management are prohibited from:

embezzling the property or misappropriating the funds of the company;

depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

taking commissions from the transactions between the company and any other person into his/her own pocket;

unlawfully disclosing the confidential information of the company; or

other acts in violation of the obligation of loyalty to the company.

Directors and senior management who directly or indirectly enter into a contract or conduct a transaction with the company, shall report to the board of directors or the shareholders' meeting on matters related to the conclusion of the contract or the transaction, and shall be subject to the resolution of the board of directors or the shareholders' meeting in accordance with the provisions of this articles of association. The preceding provisions shall apply to contracts or transactions entered into by the company with any of the following: close family members of the directors or senior management; enterprises directly or indirectly controlled by the directors, senior management, or their close family members; and Associates who have other connections with the directors or senior management.

Company's directors and senior management shall not use their positions to seek business opportunities for themselves or others that belong to the company, except in one of the following circumstances: (i) report to the board of directors or the shareholders' meeting and be approved by a resolution of the board of directors or the shareholders' meeting in accordance with the provisions of the company's articles of association. (ii) The company cannot take advantage of the business opportunity in accordance with the provisions of the law, administrative regulations, or the articles of association.

The company's directors and senior management may not operate, for themselves or for others, any business that is the same as that of the company they work for, without reporting to the board of directors or the shareholders' meeting and obtaining a resolution passed by the board of directors or the shareholders' meeting in accordance with the provisions of the articles of association.

Income generated by the directors or senior management in violation of the aforementioned shall be returned to the company.

A director or senior management who contravenes laws and administrative regulations or the articles of association in the performance of his/her roles resulting in any damage to the company shall be liable to indemnify the company for compensation.

18. Finance and Accounting

Under the PRC Company Law, a company shall establish financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council and shall at the end of each financial year prepare a financial and accounting report which shall be audited by an accounting firm as required by law. The company's 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.

Pursuant to the PRC Company Law, the company shall deliver its financial and accounting reports to all shareholders within the time limit stipulated in the articles of association and make its financial and accounting reports available at the company for inspection by the shareholders at least 20 days before the convening of an annual meeting of shareholders. It must also publish its financial and accounting reports.

When distributing each year's after-tax profits, it shall set aside 10% of its after-tax profits into the legal accumulation fund (except where the fund has reached 50% of its registered capital). If its legal accumulation fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the legal accumulation fund pursuant to the above provisions.

After allocation of the legal accumulation fund from after-tax profits, it may, upon a resolution passed at the shareholders' meeting, allocate the optional accumulation fund from after-tax profits.

The remaining after-tax profits after making up losses and allocation of the accumulation fund shall be distributed in proportion to the number of shares held by the shareholders, unless otherwise stipulated in the articles of association.

Shares held by the company shall not be entitled to any distribution of profit.

The premium from issuing par value shares above their nominal value, or funds from issuing no-par value shares not included in the registered capital, along with other items specified by the Ministry of Finance under the State Council for inclusion in the capital accumulation fund, should be classified as the company's capital accumulation fund.

The company's accumulation fund is utilized to cover losses, expand business operations, or convert into registered capital. When using the capital accumulation fund to cover losses, the optional accumulation fund and the legal accumulation fund should be used first; if these are insufficient, the capital accumulation fund can be used according to regulations. When the legal accumulation fund is converted into the registered capital, the remaining legal accumulation fund must be no less than 25% of the previously registered capital.

The Company shall have no other accounting books except the statutory accounting books. Company funds should not be kept in accounts registered under any individual's name.

19. Appointment and Retirement of Accounting Firms

Pursuant to the PRC Company Law, the appointment or dismissal of accounting firms responsible for the auditing of the company shall be determined by shareholders' meeting or board of directors in accordance with provisions of articles of association. The accounting firm should be allowed to make representations when the shareholders' meeting or board of directors conducts a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidences, books, financial and accounting reports and other accounting data to the accounting firm it employs without any refusal, withholding and misrepresentation.

The Guidance for Articles of Association provide that the company guarantees to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the employed accounting firm, and shall not refuse, conceal or falsely report. And the audit fee of the accounting firm shall be decided by the shareholders' meeting.

20. Distribution of Profits

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the legal accumulation fund is drawn.

21. Amendments to Articles of Association

Any amendments to the company's articles of association must be made in accordance with the procedures set out in the company's articles of association. In relation to matters involving the company's registration, its registration with the authority must also be changed. Pursuant to the Company Law, the resolution of the shareholders' meeting regarding any amendment to the articles of association requires affirmative votes by at least two-thirds of the votes held by the shareholders attending the meeting.

22. Dissolution and Liquidation

According to the PRC Company Law, a company shall be dissolved by reason of the following: (i) the term of its operations set down in the articles of association has expired or other events of dissolution specified in the articles of association have occurred; (ii) the shareholders' meeting have resolved to dissolve the company; (iii) the company is dissolved by reason of merger or division; (iv) the business license is revoked; the company is ordered to close down or be revoked; or (v) the company is dissolved by the people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all its shareholders, 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 for shareholders.

If (i) or (ii) occurs and the company's residual assets have not yet been allocated to shareholders, it may continue its existence by amending its articles of association or through a

resolution at the shareholders' meeting. Such amendments or resolutions must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the company is dissolved in the circumstances described in subparagraphs (i), (ii), (iv), or (v) above, a liquidating group shall be established and the liquidation process shall commence within 15 days after the occurrence of an event of dissolution.

The company's liquidating group consists of directors unless the articles of association or a shareholders' meeting resolution specifies otherwise. If a liquidating group is not formed within the stipulated time or is formed but does not conduct liquidation, interested parties may apply to the people's court to appoint relevant personnel to form an alternative liquidating group and proceed with liquidation. The people's court should accept the application and promptly organize an alternative liquidating group to carry out the liquidation.

The liquidating group shall exercise the following powers during the liquidation period:

to handle the company's assets and to prepare a balance sheet and an inventory of the assets;

to notify creditors through notice or public announcement;

to deal with the company's outstanding businesses related to liquidation;

to pay any tax overdue as well as tax amounts arising from the process of liquidation;

to liquidation of claims and debts ;

to allocate the company's remaining assets after settling its debts; and

to represent the company in civil lawsuits.

The liquidating group shall notify the company's creditors within 10 days after its establishment and issue public notices in newspapers or the national enterprise credit information public disclosure system within 60 days. A creditor shall lodge his claim with the liquidating group within 30 days after receiving notification, or within 45 days of the public notice if he did not receive any notification. A creditor shall state all matters relevant to his creditor rights in making his claim and furnish evidence. The liquidating group shall register such creditor rights. The liquidating group shall not make any debt settlement to creditors during the period of claim.

Upon liquidation of properties and the preparation of the balance sheet and inventory of assets, the liquidating group shall draw up a liquidation plan to be submitted to the shareholders' meeting or people's court for confirmation.

The company's remaining assets after payment of liquidation expenses, wages, social insurance expenses and statutory compensation, outstanding taxes and debts shall be distributed to shareholders according to their shareholding proportion. It shall continue to exist during the liquidation period, although it can only engage in any operating activities that are related to the liquidation. The company's properties shall not be distributed to the shareholders before repayments are made in accordance to the foregoing provisions.

Upon liquidation of the company's properties and the preparation of the balance sheet and inventory of assets, if the liquidating group becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to the people's court for a bankruptcy liquidation.

Once the people's court accepts the application, the liquidating group must hand over the liquidation affairs to the bankruptcy administrator appointed by the court.

After the liquidation process is completed, the liquidating group must prepare a liquidation report, submit it to the shareholders' meeting or the court for confirmation, and then report to the company registration authority to apply for the cancelation of the company's registration.

Members of the liquidating group must fulfill the duties of loyalty and diligence. If they neglect their responsibilities, causing losses to the company, they are liable for compensation. Additionally, they are responsible for compensation if they intentionally or through gross negligence cause losses to creditors.

23. Overseas Listing

Subject to specific circumstances, Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and its guidelines require that, among other things, (i) initial public offerings or listings on overseas markets of domestic companies shall be filed with the CSRC within three working days after the relevant application is submitted overseas, (ii) subsequent securities offerings of an issuer on the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed, (iii) subsequent securities offerings or listings of an issuer on other overseas markets other than where it has offered and listed securities shall be filed with the CSRC within three working days after the relevant application is submitted overseas. In addition, for filing materials that are complete and compliant, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall notify the issuer of the supplementary materials required within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

24. Merger and Demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. If it merges by absorption, the company which is absorbed shall be dissolved. If it merges by forming a new corporation, both companies will be dissolved.

IV. SECURITIES LAW AND REGULATIONS

CSRC, a ministerial-level public institution directly under the State Council, performs a unified regulatory function, according to the relevant laws and regulations, and with the authority by the State Council, over the securities and futures market of China, maintains an orderly securities and futures market order, and ensure a legal operation of the capital market.

The Securities Law of the PRC (《中華人民共和國證券法》) took effect on July 1, 1999 and was revised on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28,

2019, respectively. This is the first national securities law in the PRC, which is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The PRC Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of The Securities Law stipulates that domestic companies, when directly or indirectly issuing securities overseas or listing their securities for trading overseas, shall comply with the relevant provisions of the State Council. Currently, the issue and trading of foreign issued shares (including H shares) are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

Termination of Listing

The PRC Securities Law stipulates that the trading of shares of a company of a stock exchange may be terminated if so decided by the stock exchange.

Where the stock exchange decides on delisting of securities, it shall promptly announce and file records with the securities regulatory authority of the State Council.

Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies requires that, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities on an overseas market, the issuer shall submit a report to CSRC within three working days after the occurrence and public announcement of such event.

V. JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangements of the Supreme People's Court for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and 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事案件判決的安排》), effective on January 29, 2024, and promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court regarding civil and commercial cases, excluding certain types, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan, and many other countries. Additionally, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States or any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong, considering the treaties providing for the reciprocal enforcement of judgments between China and the country where the judgment was made.

VI. ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (《中華人民共和國仲裁法》) (the "Arbitration Law") was passed by the SCNPC on August 31, 1994, became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017. Under the Arbitration Law, an arbitration committee may,

before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the Civil Procedure Law. Where the parties have by agreement provided arbitration as the method for dispute resolution, the people's court will refuse to handle the case except when the arbitration agreement is declared invalid.

Under the Arbitration Law and the Civil Procedure Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any irregularity on the procedures or composition of arbitrators specified by law or the award exceeds the scope of the arbitration agreement or is outside the jurisdiction of the arbitration commission.

A party seeking to enforce an arbitral award of PRC arbitration panel against a party who, or whose property, is not within the PRC, shall apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC. The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention") adopted on June 10, 1958 pursuant to a resolution of the SCNPC passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by all other parties to the New York Convention, subject to their right to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the SCNPC simultaneously with the accession of the PRC that (i) the PRC will only recognize and enforce foreign arbitral awards on the principle of reciprocity and (ii) the PRC will only apply the New York Convention in disputes considered under PRC laws to arise from contractual and non-contractual mercantile legal relations.

An arrangement was reached between Hong Kong and the Supreme People's Court for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Chinese Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) (the "Arrangement"), which became effective on February 1, 2000. In accordance with this arrangement, and its supplemental arrangements, upon satisfying certain requirements, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

On January 25, 2024, the Supreme People's Court promulgate 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事案件判決的安排》) (the "New Arrangement"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and the PRC. The New Arrangement was formally implemented on January 29, 2024. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. Concurrently, the Government of the Hong Kong Special Administrative Region enacted the "Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance"

(Chapter 645), aimed at enforcing this new arrangement within the Hong Kong Special Administrative Region through local legislative measures, also coming into force on the same date. From January 29, 2024, this New Arrangement superseded the previous Arrangement.

VII. LOSS OF SHARE CERTIFICATES

If a registered share certificate is lost, stolen or destroyed, the relevant shareholder may apply, in accordance with the relevant provisions set out in the Civil Procedure Law, to a people's court to declare such certificate invalid. After the people's court declares the invalidity of such certificate, the shareholder may apply to the company for a replacement share certificate.

This Appendix mainly provides investors with a summary of the Articles of Association.

The following information is only a summary and may not include all the materials that may be important to potential investors.

GENERAL PROVISIONS

The term of operation of the Company is from 15 May 2007 to 14 May 2057.

The shareholders are liable for the Company to the extent of their subscribed shares, while the Company is liable for its debts to the extent of its entire assets.

The Articles of Association shall, from its effective date, constitute a legally binding document regulating the Company's organization and conduct as well as the rights and obligations between the Company and each shareholder and among the shareholders inter se, and shall be legally binding on the Company, its shareholders, directors and senior management personnel. Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders, against directors and senior management personnel of the Company, and against the Company, while the Company may institute legal proceedings against shareholders, directors and senior management personnel.

PURPOSE AND SCOPE OF BUSINESS

The Company's business purpose is: to grab the market share with high-quality products and a market demand oriented approach, expand business channels, strive to improve the Company's economic benefits, and create investment returns for shareholders to the extent permitted by PRC laws and regulations.

The Company's business scope, as registered by law, is: the design, development and sales of Integrated Circuits, computer hardware and software, business information consulting, import and export of goods and technologies, and leasing of self-owned properties.

SHARES

Issuance of Shares

The shares of the Company are in the form of share certificates.

The Company shall issue shares under the principles of openness, fairness and equality and shares of the same class shall carry the 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 same price shall be paid for each share subscribed for by any subscriber.

Increase, Reduction and Repurchase of Shares

Based on the needs of operation and development, the Company may increase capital by the following means in accordance with the provisions of the laws, regulations and regulatory rules of the place where the Company's shares are listed upon resolution of the Shareholders' General Meeting:

(I) offering shares to unspecific objects;

(II) offering shares to specific objects;

(III) allotting bonus shares to existing shareholders;

(IV) converting provident fund into share capital;

(V) other methods specified by the laws and administrative regulations and approved by the securities regulatory authorities at the place where the Company's shares are listed.

The Company's issuance of convertible corporate bonds as approved by the CSRC shall be in strict compliance with the relevant provisions of the CSRC on the issuance and management of convertible corporate bonds and the relevant provisions of issuance terms of the Company's convertible corporate bonds prospectus. After the convertible corporate bonds enter the conversion period, the Company shall inquire about the changes in shares from the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on a monthly basis, handle the procedures such as changes in shares as required and fulfill the obligation of information disclosure.

The Company's increase in capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant laws, administrative regulations, departmental rules and regulatory documents of the place where the Company's shares are listed and the listing rules of the Stock Exchanges after having been approved in accordance with the Articles of Association.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the Company Law and other relevant regulations as well as the procedures stipulated in the Articles of Association.

The Company shall not repurchase its own shares. Except in any of the following circumstances:

(I) to reduce the registered capital of the Company;

(II) to merge with another company that holds the shares of the Company;

(III) to grant shares to employees pursuant to employee share ownership plans or share incentive plans;

(IV) to acquire the shares from shareholders who voted against a resolution passed at a Shareholders' General Meeting on the merger or division of the Company and request the Company to buy back their shares;

(V) to use shares for the purposes of converting convertible corporate bonds issued by the Company;

(VI) to safeguard the Company's value and the shareholders' rights and interests as the Company deems necessary;

(VII) other circumstances permitted by laws, administrative regulations, departmental rules, or regulatory rules of the place where the Company's shares are listed.

If the Company intends to repurchase its shares under the circumstances set out in items (III), (V) and (VI), the repurchase shall be conducted through public and centralized trading and in

accordance with the relevant provisions of laws, administrative regulations, departmental rules and securities regulatory authorities at the place where the Company's shares are listed. If the Company intends to repurchase its shares under the circumstances set out in items (I) and (II), such repurchase shall be resolved at the Shareholders' General Meeting. If the Company intends to repurchase its shares under the circumstances set out in items (III), (V) and (VI), a resolution of the Board meeting attended by not less than two-thirds of the directors may be made in accordance with the provisions of the Articles of Association or as authorized by the Shareholders' General Meeting, and subject to compliance with the securities regulatory rules of the place where the Company's shares are listed.

The shares repurchased by the Company in accordance with the provisions above shall be processed in the following ways: for the circumstance in item (I), such shares shall be canceled in ten days after the date of repurchase; for the circumstance in item (II) or (IV), such shares shall be transferred or canceled in six months; for the circumstance in item (III), (V) or (VI), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred or canceled in three years.

Transfer of Shares

The directors and senior management personnel of the Company shall declare to the Company the number of shares (including preferred shares) held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of the same class of shares of the Company held by them. The shares of the Company held by them shall not be transferred within one year as of the listing date of the shares of the Company. The shares of the Company held by them shall not be transferred within six months after their resignation.

Where it is otherwise provided in the listing rules of the place where the Company's shares are listed in respect of restrictions on the transfer of the Company's shares, such provisions shall prevail.

For directors, senior management personnel and shareholders holding not less than 5% of the Company's shares, if they have sold the shares of the Company or other securities of equity nature of the Company held by them within six months after purchasing such shares, or they have purchased the shares within six months after selling their shares, the gains obtained therefrom shall be attributed to the Company and be forfeited by the Board, except in cases where a securities company holds not less than 5% of the shares after purchasing the remaining shares upon public offering due to underwriting, and as otherwise specified by the CSRC.

The shares or other securities of equity nature held by directors, senior management personnel and natural person shareholders referred to in the preceding paragraph include the shares or other securities of equity nature held by their spouses, parents and children and held through others' accounts.

If the Board of the Company does not comply with the provisions of paragraph 1 of this Article, the shareholders shall have the right to request the Board to do so within 30 days. If the Board of the Company fails to follow the above-mentioned deadline, the shareholders shall have the right to file a lawsuit directly to the People's Court in their own names for the interest of the Company.

If the Board of the Company does not comply with the provisions of paragraph 1 of this Article, the responsible directors shall be jointly and severally liable in accordance with the law.

SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING**General Provisions of Shareholders**

The Company shall establish a register of shareholders in accordance with the certificates issued by the securities registration and clearing institution. The register of shareholders shall be the sufficient evidence of the shareholders' shareholding in the Company.

The shareholders shall enjoy the rights and assume the obligations according to the class of the shares they hold. The shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The Company shall maintain at its domicile a copy of the register of shareholders of H Shares. The entrusted overseas agent shall always ensure that the original and copies of the register of shareholders of H Shares are consistent. The register of shareholders of H shares kept in Hong Kong shall be made available for shareholders' inspection, but the Company is permitted to temporarily suspend the registration procedures for shareholders in accordance with the provisions equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the securities regulatory rules of the place where the Company's shares are listed.

Shareholders of the Company shall enjoy the following rights:

(I) to receive dividend and other forms of distribution of interest in proportion to their respective shareholdings;

(II) to legally request, convene, preside over, attend or dispatch shareholder's agent to attend the Shareholders' General Meeting and exercise the corresponding voting rights (except where a shareholder is required, by the Hong Kong Listing Rules, to abstain from voting to approve the matter under consideration);

(III) to supervise, make recommendations and inquiries on the operation of the Company;

(IV) to transfer, gift or pledge the shares they hold according to the laws, administrative regulations and the Articles of Association;

(V) to inspect and copy the Articles of Association, register of shareholders, minutes of Shareholders' General Meetings, resolutions of Board meetings, and financial and accounting reports, and the qualifying shareholders may inspect the Company's accounting books and accounting vouchers;

(VI) to participate in the distribution of the remaining assets of the Company according to the proportion of shares they hold upon the dissolution or liquidation of the Company;

(VII) upon satisfying the procedural requirements for share repurchase by the Company under the Articles of Association and relevant laws and regulations, to require the Company to buy back their share if they vote against resolutions passed at Shareholders' General Meetings concerning the merger or division of the Company;

(VIII) other rights 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.

Shareholders requesting to inspect or copy the Company's relevant materials shall comply with the provisions of the Company Law, Securities Law and other laws and administrative regulations.

The shareholders are entitled to request the People's Court to invalidate the resolutions of the Shareholders' General Meeting and the Board meeting which violate the laws and administrative regulations.

The shareholders shall be entitled to request the People's Court to cancel the relevant resolution within 60 days after the resolution is adopted if the convening procedure or voting method of the Shareholders' General Meeting or Board meeting violates the laws, administrative regulations or the Articles of Association, or the resolution content breaches the Articles of Association. However, this does not apply if the convening procedure or voting method of the Shareholders' General Meeting or Board meeting has only minor defects that do not have a substantial impact on the resolution.

Resolutions of a Shareholders' General Meeting or a Board meeting of the Company shall be invalid in any of the following circumstances:

- (I) the resolution was not made by a Shareholders' General Meeting or a Board meeting;
- (II) the resolution was not voted on at a Shareholders' General Meeting or a Board meeting;
- (III) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association;
- (IV) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as required by the Company Law or the Articles of Association.

Shareholders of the Company shall assume the following obligations:

- (I) to comply with the laws, administrative regulations and the Articles of Association;
- (II) to pay subscription monies for the shares subscribed in accordance with the agreed manner of payment;
- (III) not to make divestment unless in the circumstances stipulated by laws, regulations and regulatory rules of the place where the Company's shares are listed;
- (IV) not to abuse 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 shareholders to damage the interests of the creditors of the Company;
- (V) to assume other obligations stipulated by laws, administrative regulations and the Articles of Association.

If any shareholder of the Company abuses the shareholder's rights and causes loss to the Company or other shareholders, he/she/it shall be liable for the compensation according to law. If 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 damage the interests of the creditors of the Company, he/she/it shall bear joint and several liability for the debts of the Company.

Controlling Shareholders and Actual Controllers

The controlling shareholders and actual controllers of the Company shall exercise their rights, perform their obligations in accordance with laws, administrative regulations, provisions of the CSRC and the Stock Exchanges to safeguard the interests of the Company.

The controlling shareholders and actual controllers of the Company shall comply with the following provisions:

(I) They shall exercise shareholders' rights in accordance with the law and shall not abuse their controlling rights or take advantage of their related relationship to undermine the lawful rights and interests of the Company or other shareholders;

(II) They shall stringently fulfill the public declarations and undertakings they made and shall not alter or waive such declarations or undertakings in a unilateral manner;

(III) They shall perform the obligation of information disclosure in strict accordance with pertinent provisions, actively cooperate with the Company to procure proper information disclosure and notify the Company in a timely manner of material matters that have occurred or will likely incur;

(IV) They shall not appropriate the funds of the Company in any manner;

(V) They shall not order by coercion, instruct or demand the Company and relevant staff to provide guarantee in violation of laws or regulations;

(VI) They shall not take advantage of the possession of unannounced material information of the Company for their gain, or divulge unannounced material information relating to the Company in any manner, or be engaged in illegal or illicit acts such as inside dealing, short-term dealing or market manipulation;

(VII) They shall not compromise the lawful rights and interests of the Company and other shareholders through any means, such as unfair related party transaction, profit allocation, asset reorganization, and investment in third parties;

(VIII) They shall guarantee the integrity of the Company's assets and the Company's independence in terms of staffing, finance, organization and business, and shall not affect the independence of the Company in any manner;

(IX) They shall observe other provisions under the laws, administrative regulations, the provisions of the CSRC, business rules of the Stock Exchanges and the Articles of Association.

If any controlling shareholder or actual controller of the Company does not act as a director of the Company but actually executes the affairs of the Company, the provisions of the Articles of Association on the duties of loyalty and diligence of directors shall apply.

A controlling shareholder or actual controller of the Company who instructs directors and senior management personnel to engage in acts detrimental to the interests of the Company or its shareholders shall be jointly and severally liable with such directors and senior management personnel.

General Provisions of Shareholders' General Meeting

The Shareholders' General Meeting of the Company shall comprise all the shareholders. The Shareholders' General Meeting acts as the organ of authority of the Company which, according to laws, exercises the following functions and powers:

(I) to elect and replace directors who are not employee representatives, and to decide on matters relating to their remuneration;

(II) to consider and approve reports of the Board;

(III) to consider and approve profit distribution plans and loss recovery plans of the Company;

(IV) to pass resolutions concerning the increase or reduction of the Company's registered capital;

(V) to pass resolutions on the issuance of corporate bonds;

(VI) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in corporate form of the Company;

(VII) to amend the Articles of Association;

(VIII) to pass resolutions on the appointment or dismissal of accounting firms responsible for audit matters of the Company;

(IX) to consider and approve the guarantees set out in Article 47 of the Articles of Association;

(X) to consider and approve the Company's purchase or disposal of major assets within one year of an aggregate value exceeding 30% of the latest audited total assets of the Company;

(XI) to consider and approve matters concerning changes in the use of proceeds from fundraising activities;

(XII) to consider share incentive schemes and employee share ownership plans;

(XIII) to consider other matters that shall be decided by the Shareholders' General Meeting according to laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Shareholders' General Meeting may authorize the Board to resolve on the issuance of corporate bonds.

The following guarantees made to outsiders by the Company shall be considered and approved by the Shareholders' General Meeting:

(I) any guarantee provided after the total amount of the external guarantees provided by the Company and its majority owned subsidiaries exceeds 50% of the latest audited net assets of the Company;

(II) any guarantee provided after the total amount of the external guarantees provided by the Company and its majority owned subsidiaries exceeds 30% of the latest audited total assets of the Company;

(III) any guarantee provided by the Company within one year with an amount exceeds 30% of the latest audited total assets of the Company;

(IV) any guarantee provided to the guaranteed object with a debt-to-asset ratio of more than 70%;

(V) any single guarantee whose amount exceeds 10% of the latest audited net assets;

(VI) any guarantee provided for the benefit of the Company's shareholders, actual controllers and their related parties.

If any director, senior management personnel and other relevant personnel of the Company do not fulfill the approval procedures in accordance with the provisions, or exceed their authority to enter into external guarantee contracts without authorization, or fail to perform their duties, causing damage to the Company, they shall be held responsible.

Shareholders' General Meetings shall be classified into annual general meetings (AGMs) and extraordinary general meetings (EGMs).

The AGMs shall be convened once a year, and shall be held within six months after the prior accounting year ends.

The Company shall convene an EGM within two months of the occurrence of any of the following circumstances:

(I) when the number of directors is less than the number specified in the Company Law or two-thirds of the number (i.e. six persons) required by the Articles of Association;

(II) when the uncovered loss of the Company reaches one-third of the total share capital of the Company;

(III) upon request(s) by shareholder(s) individually or collectively holding not less than 10% of the Company's shares (on a one-share, one-vote basis, excluding treasury shares);

(IV) when the Board considers it necessary;

(V) when the Audit Committee proposes such a meeting be held;

(VI) any other circumstances required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the EGM is convened in response to the securities regulatory rules of the place where the Company's shares are listed, the actual date of the EGM may be adjusted based on the approval progress of the Stock Exchanges where the Company's shares are listed.

Convening of Shareholders' General Meetings

The Board shall convene the Shareholders' General Meetings within the specified period.

Upon approval by more than half of the independent directors, the independent directors have the right to propose to the Board to convene an EGM. For the proposal of independent directors of convening an EGM, the Board shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, submit written feedback on whether to agree or disagree with convening the meeting within 10 days upon receipt of the proposal.

When the Board agrees to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. If the Board does not agree to convene such meeting, the reasons shall be stated and announced.

The Audit Committee has the right to propose to the Board to convene an EGM. The Audit Committee shall propose to the Board to convene such meeting in writing. The Board shall, pursuant to the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the EGM or not within 10 days after receipt of the proposal.

When the Board agrees to convene an EGM, the Board shall, within five days after the Board resolution is made, issue a notice calling for the meeting. Changes in the original proposal in the notice shall be subject to the approval of the Audit Committee.

When the Board does not agree to convene an EGM, or does not provide written feedback within 10 days upon receipt of the proposal, the Board shall be considered to be unable or fail to perform the duty of convening a Shareholders' General Meeting. The Audit Committee may convene and preside over the meeting on its own.

The shareholders who individually or jointly hold not less than 10% of the shares of the Company (on a one-share, one-vote basis, excluding treasury shares) shall have the right to request the Board to convene an EGM, and shall make such request to the Board in writing. The Board shall, pursuant to relevant laws, administrative regulations, and the Articles of Association, give a written reply on whether to convene the EGM or not within 10 days after receipt of the proposal.

If the Board agrees to convene the EGM, it shall serve a notice of such meeting within five days after the resolution is made by the Board. In the event of any changes to the original proposal in the notice, the consent of relevant shareholders shall be obtained.

If the Board does not agree to hold the EGM or fails to give a reply within 10 days after receipt of the request, shareholders severally or jointly holding not less than 10% shares of the Company (on a one-share, one-vote basis, excluding treasury shares) shall be entitled to request in writing the Audit Committee to convene an EGM.

If the Audit Committee agrees to convene the EGM, it shall serve a notice of such meeting within five days after receipt of the request. In the event of any changes to the original proposal in the notice, the consent of relevant shareholders shall be obtained.

If the Audit Committee fails to give the notice of such a meeting within the specified time limit, it shall be deemed to have failed to convene or preside over the Shareholders' General Meeting, in

which case, the shareholders who either individually or jointly hold not less than 10% of the Company's shares (on a one-share, one-vote basis, excluding treasury shares) for not less than 90 consecutive days may convene and preside over the meeting by themselves.

If the Audit Committee or shareholders decide to convene a Shareholders' General Meeting on their own, they must notify the Board of Directors in writing and file a record with the SSE at the same time.

When issuing the notice of the Shareholders' General Meeting and the announcement of the resolutions of the Shareholders' General Meeting, the Audit Committee or the convening shareholders shall submit relevant supporting materials to the SSE.

The shares held by the convening shareholders prior to the announcement of the resolutions of the Shareholders' General Meeting shall not be below 10%.

For the Shareholders' General Meeting convened by the Audit Committee or shareholders on their own, the Board of Directors and the Secretary to the Board shall provide cooperation. The Board of Directors shall provide the register of shareholders as of the Record Date.

For the Shareholders' General Meetings convened by the Audit Committee or shareholders on their own, the Company shall bear the necessary expenses for the meeting.

Proposals and Notices of Shareholders' General Meetings

The proposal shall fall into the functions and power of the Shareholders' General Meeting. There shall be definite topics and specific matters for resolution. The proposal shall comply with the relevant provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The shareholders individually or jointly holding more than 1% of the shares of the Company may raise temporary proposal and submit it to the convener in writing 10 days before the Shareholders' General Meeting is held. The convener shall, within 2 days after receipt of the proposal, issue a supplementary notice to announce the content of the temporary proposal, and submit the temporary proposal to the Shareholders' General Meeting for consideration, except where the temporary proposal violates laws, administrative regulations or the Articles of Association, or falls outside the scope of the powers of the Shareholders' General Meeting.

Save as specified above, the convener shall not change the proposal set out in the notice of Shareholders' General Meeting or add any new proposals after the said notice is served.

The Shareholders' General Meeting shall not vote resolutions on proposals not listed in the notice of the Shareholders' General Meeting or resolutions not in conformity with the Articles of Association.

The convener will notify all shareholders of an AGM in writing (including by way of announcement) 21 days prior to the convening thereof, and notify all shareholders of an EGM in writing (including by way of announcement) 15 days prior to the convening thereof.

The notice of the Shareholders' General Meeting shall include:

(I) date, place, and duration of the meeting;

(II) matters and proposals to be considered at the meeting;

(III) textual explanation: all shareholders are entitled to participate the meeting and they may appoint a proxy to attend and vote at such meeting on their behalf and that such proxies need not be shareholders of the Company;

(IV) the Record Date of the shareholders entitled to attend the Shareholders' 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;

(VII) other contents as required by laws, administrative regulations, departmental rules, the rules of the Stock Exchanges where the Company's shares are listed, and other matters stipulated in the Articles of Association.

After the notice of the Shareholders' General Meeting is given, without good reason, the Shareholders' 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 cancelation, the convener shall give an announcement and explanations at least 2 working days before the scheduled date of convening. If the securities regulatory rules of the place where the Company's shares are listed have special provisions on the procedures for postponing or canceling a Shareholders' General Meeting, such provisions shall prevail provided that they do not violate the regulatory requirements of the place where the Company is incorporated.

Convening of Shareholders' General Meetings

All shareholders recorded in the register as at the Record Date or their proxies shall have the right to attend the Shareholders' General Meeting and to speak and exercise the voting rights at the meeting in accordance with the provisions of laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Any shareholder entitled to attend and vote at the Shareholders' General Meeting may appoint a proxy (who need not be a shareholder) to attend and vote at the meeting on his/her behalf.

The proxy may, as authorized by the shareholder, exercise the following rights:

(I) speaking right of the shareholder at the Shareholders' General Meeting;

(II) requesting to vote by ballot separately or together with others;

(III) exercising the voting right by raising hand or ballot, unless otherwise provided by relevant laws, administrative regulations, the listing rules of the Stock Exchanges where the Company's shares are listed, or other securities laws and regulations.

If the shareholder is an approved clearing house (or its agent), the shareholder may authorize one or more persons it deems appropriate to act as its representative(s) at any Shareholders' General

Meeting. However, if more than one person is so authorized, the power of attorney shall state the number and class of shares in respect of which each such person is so authorized, and the power of attorney shall be signed by an authorized officer of the approved clearing house. A person so authorized may attend the meeting on behalf of the approved clearing house (or its agent) (without the production of share certificates, a notarized authorization and/or further evidence proving that he/she has been duly authorized), speak at the meeting and exercise rights as if he/she were an individual shareholder of the Company. These authorized persons shall enjoy the same statutory rights as other shareholders, including the rights to speak and vote.

An individual shareholder who attends the meeting in person shall produce his/her own identity card or other valid certificate or proof evidencing his/her identity. If a proxy is appointed to attend the meeting on his/her behalf, such proxy shall present his/her own valid proof of identity and the power of attorney from the shareholder.

Corporate shareholders shall attend the meeting by legal representatives or proxies appointed by legal representatives. The legal representative attending the meeting shall present his/her identity card and valid certificate evidencing his/her capacity as a legal representative; if a proxy is appointed to attend the meeting, such proxy shall present his/her identity card and a written power of attorney (except where the shareholder is an approved clearing house) duly issued by the legal representative of the corporate shareholder.

The power of attorney issued by a shareholder to appoint a proxy to attend a Shareholders' General Meeting shall contain the following information:

(I) name of the principal and the class and number of the Company's shares held by the principal;

(II) whether the proxy has the right to speak and vote;

(III) name of the proxy;

(IV) specific instructions from the shareholder, including instructions as to whether to cast affirmative, negative or abstention votes on each proposal listed on the agenda of the Shareholders' General Meeting;

(V) the date of issuance and effective period of the power of attorney;

(VI) signature (or seal) of the principal. If the principal is a legal person, the power of attorney shall be stamped with the seal of the legal person.

If the power of attorney for proxy voting is signed by another person authorized by the principal, the power of attorney or other authorization documents shall be notarized. The notarized letter of authority or other authorization documents and the power of attorney for voting by proxies shall be deposited at the domicile of the Company or such other places as designated in the notice of the meeting.

If the Shareholders' General Meeting requires directors and senior management personnel to attend the meeting, they shall attend as non-voting delegates and accept inquiries from shareholders.

Subject to the securities regulatory rules of the place where the Company's shares are listed, the aforementioned persons may attend the meeting via the Internet, video, telephone or other means with the same effect.

The Shareholders' General Meeting shall be chaired by the chairman of the Board. If the chairman is unable or fails to perform his/her duties, the vice-chairman shall chair the meeting. If the vice-chairman is unable or fails to perform his/her duties, a director elected jointly by more than half of the directors shall chair the meeting.

For a Shareholders' General Meeting convened by the Audit Committee on its own initiative, it shall be chaired by the convener of the Audit Committee. If the convener of the Audit Committee is unable or fails to perform his/her duties, a member of the Audit Committee elected jointly by more than half of the members of the Audit Committee shall chair the meeting.

For a Shareholders' General Meeting convened by shareholders on their own initiative, it shall be chaired by the convener or a representative elected by the convener.

During the course of a Shareholders' General Meeting, if the chairman of the meeting violates the procedural rules such that the meeting cannot be continued, the shareholders may elect one person to act as the chairman of the meeting to continue the meeting so long as the proposed chairman has the consent of more than half of the shareholders with voting rights who are present at the meeting.

Voting and Resolutions of Shareholders' General Meetings

The resolutions of a Shareholders' General Meeting are classified into ordinary resolutions and special resolutions. Ordinary resolutions of a Shareholders' General Meeting shall be adopted by not less than half of the voting rights held by the shareholders present at the meeting. Special resolutions of a Shareholders' General Meeting shall be adopted by not less than two-thirds of the voting rights held by the shareholders present at the meeting.

The following matters shall be resolved by way of ordinary resolution of the Shareholders' General Meeting:

- (I) reports of the Board of Directors;
- (II) profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- (III) appointment and dismissal of the members of the Board and their remuneration and the payment methods thereof;
- (IV) matters other than those which are required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association to be resolved by way of special resolutions.

The following matters shall be resolved by way of special resolution of the Shareholders' General Meeting:

- (I) increase or reduction of the Company's registered capital;

(II) separation, division, merger, dissolution and liquidation of the Company;

(III) amendment of the Articles of Association;

(IV) purchase and disposal of material assets or giving of material guarantee, in each case in an aggregate amount within a year exceeding 30% of the latest audited total assets of the Company;

(V) the share incentive scheme;

(VI) other matters which are required by the laws, administrative regulations, the 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 Shareholders' General Meeting, may have a material impact on the Company requiring approval by way of a special resolution.

Shareholders shall exercise their voting rights by the number of voting Shares they represent, and each Share shall have one vote, except for holders of class shares.

When material issues affecting the interests of minority Shareholders are deliberated at the Shareholders' 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 the Company have no voting right, and those shares are not included in the total number of voting shares present at the Shareholders' General Meeting.

Where a shareholder's purchase of the Company's voting shares violates the provisions of the first and second paragraphs 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 voting shares of the shareholders attending the Shareholders' General Meeting.

In accordance with the applicable laws, regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from exercising voting rights on a certain resolution matter, or any shareholder is restricted to only vote in favor of (or against) a certain resolution matter, the votes cast by such shareholder or their representative in violation of the relevant provisions or restrictions shall not be included in the total number of voting shares.

The Board, independent directors, and shareholders holding not less than 1% of the voting shares or the investor protection agency established in accordance with laws, administrative regulations or provisions of the CSRC can publicly solicit the voting rights from the shareholders. When soliciting voting rights from the shareholders, the specific voting intention and other information shall be fully disclosed to the solicitation targets. Solicitation of shareholder voting rights in a paid or disguised paid way shall be prohibited. Except for the statutory conditions, the Company shall not impose restrictions on the minimum shareholding proportion against the solicitation of shareholder voting rights.

When related party transactions are deliberated at the Shareholders' General Meeting, the interested Shareholders shall not participate in voting, and the number of voting shares represented by them shall not be counted into the total number of valid votes. The voting particulars of the uninterested Shareholders shall be disclosed in the announcement on the resolutions of the Shareholders' General Meeting.

THE BOARD OF DIRECTORS**General Provisions of Directors**

Directors may include executive directors, non-executive directors and independent directors (the meaning of “independent director” is consistent with that of “independent non-executive director” in the Hong Kong Listing Rules). Non-executive directors refer to directors who do not hold management positions in the Company. Independent directors refer to individuals who meet the requirements of the regulatory rules of the stock exchange where the Company’s shares are listed. The Company’s directors are natural persons. Directors shall meet the qualification requirements set by laws, administrative regulations and rules. None of the following persons may serve as a director of the Company:

(I) persons without capacity or with limited capacity for civil acts;

(II) persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the socialist market economy order, or persons who were deprived of their political rights for committing a crime, where five years have not lapsed following the serving of the sentence; or persons who have been declared on probation, and less than two years have lapsed since the expiration of the probation period;

(III) persons who acted as directors, or factory managers or managers of companies or enterprises which were bankrupt or liquidated and who shall bear personal liability for the bankruptcy or liquidation of such companies or enterprises, where three years have not lapsed following the date of completion of such bankruptcy or liquidation;

(IV) persons who were legal representatives 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 were personally liable, where less than three years have elapsed since the date of the revocation or shut-down;

(V) a person who has a relatively large amount of overdue debts and has been listed as a dishonest person subject to enforcement by the people’s court;

(VI) a person who has been prohibited from entering the securities market by the CSRC and the period of such prohibition has not expired;

(VII) a person who has been publicly determined by the Stock Exchanges as unfit to serve as a director, senior management personnel, etc. of a listed company and the period of such determination has not expired;

(VIII) other content specified by laws, administrative regulations, departmental rules or securities regulatory rules of the place where the Company’s shares are listed;

Any election, appointment or engagement of directors in violation of this Article shall be invalid. In the event that the circumstances as stipulated in this Article arise during the term of office of directors, the Company shall dismiss their duties and stop them from performing their duties.

The Board of Directors

The Company shall set up a Board composed of nine directors, which include one chairman and may include vice chairmen. The chairman and vice chairmen shall be elected by a majority of the Board of Directors.

The Board shall exercise the following functions and powers:

(I) to convene a Shareholders' General Meeting and report to the meeting on the work of the Board;

(II) to implement the resolutions of Shareholders' General Meetings;

(III) to decide on the Company's business plans and investment plans;

(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 material acquisition, shares buy-backs, or merger, division, dissolution or change in corporate form of the Company;

(VII) to determine matters such as external investments, acquisition and disposal of assets, asset mortgage, external guarantee, consigned financial management, related party transactions, external donations and gifts of the Company within the authority granted by the Shareholders' General Meeting;

(VIII) to determinate the establishment of the Company's internal management structure;

(IX) to appoint or dismiss the general manager, secretary to the Board and other senior management personnel of the Company, and decide on matters of remuneration, rewards and penalties; to appoint or dismiss deputy general manager and chief financial officer and other senior management personnel according to the nomination of the general manager, and decide on matters of remuneration, rewards and penalties;

(X) to set up the basic management regime 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 propose to the Shareholders' General Meeting the appointment or replacement of the accounting firms which provide auditing services to the Company;

(XIV) to receive the reports of the general manager of the Company and review his/her work;

(XV) to exercise other functions and powers granted by the relevant laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Board may resolve on the issues specified in the above paragraphs by approval of more than half of the directors save for the issues specified in items (V), (VI) and (XI) in which the approval of more than two thirds of the directors is required.

Matters in which the Board exercises its powers beyond the scope authorized by the Shareholders' General Meeting shall be submitted to the Shareholders' General Meeting for deliberation.

The Chairman of the Board shall exercise the following functions and powers:

(I) to preside over Shareholders' General Meetings and to convene and preside over Board Meetings;

(II) to procure and examine the implementation of resolutions of the Board;

(III) other functions and powers granted by the Board.

The Board shall hold at least four regular meetings each year, which shall be convened by the Chairman and notified to all the directors 14 days prior to the meeting in writing.

Shareholders representing not less than one-tenth of the voting rights, and not less than one-third of the directors or the Audit Committee may propose an extraordinary Board Meeting. The chairman of the Board shall convene and preside over a Board Meeting within ten days after receiving the proposal.

Notice of an extraordinary Board Meeting may be delivered by email, express mail, hand, electronic communication, or other means. Notice of an extraordinary Board Meeting shall be given five days in advance. In case of emergency, the notice may be sent by telephone or other oral means at any time, and shall be explained in the minutes of the Board Meeting.

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.

When voting on Board resolutions, each director shall have one vote.

Where a director is affiliated with the enterprise or individual involved in resolutions of the Board Meeting, he/she shall timely report to the Board in writing. The interested director shall not exercise the right to vote on the resolutions, nor shall he/she exercise the right to vote on behalf of another director. The Board Meeting may be held by more than half of the uninterested directors. The resolutions of the Board Meeting shall be adopted by more than half of the uninterested directors. If the number of uninterested directors present at the Board Meeting is less than three, the matter shall be submitted to the Shareholders' General Meeting for deliberation. If laws, regulations, or the securities regulatory rules of the place where the Company's shares are listed provide any additional restrictions on directors' attendance or voting at Board Meetings, such provisions shall prevail.

The directors shall attend the Board Meeting in person. If a director is unable to attend the meeting for some reason, he/she may entrust another director in writing to attend the meeting on his/her behalf. The power of attorney shall specify the name, matters entrusted to, scope of authorization

and term of validity, and shall be signed or sealed by the principal. The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the Board Meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

Independent Directors

Independent directors shall, in accordance with relevant laws, administrative regulations, and the provisions of CSRC and the Stock Exchanges and the Articles of Association, earnestly perform their duties, play the role of participating in decision-making, supervision and balancing, and professional consultation in the Board, safeguard the overall interests of the Company, and protect the legitimate rights and interests of the minority shareholders.

Independent directors shall maintain their independence. The following persons shall not serve as independent directors:

(I) The persons holding posts in the Company or its subsidiaries and their spouses, parents, children and key social relationship;

(II) The persons holding, directly or indirectly, 1% or more of the issued shares of the Company or ranking among the top ten shareholders of the Company and their spouses, parents and children;

(III) The persons holding posts in entities that directly or indirectly hold 5% or more of the issued shares of the Company or ranking among the top five shareholders of the Company and their spouses, parents and children;

(IV) The persons employed in the affiliated enterprises of the Company's controlling shareholders or actual controllers, and their spouses, parents and children;

(V) The persons who have significant business transactions with the Company and its controlling shareholders, actual controllers or their respective affiliated enterprises, or who hold positions in entities with significant business transactions and their controlling shareholder or actual controller;

(VI) The persons providing financial, legal, consulting, sponsorship and other services to the Company and its controlling shareholders, actual controllers or their respective affiliated enterprises, including but not limited to all members of the project team of the intermediary institutions providing services, review personnel at all levels, personnel affixing signatures to the reports, partners, directors, senior management personnel and main responsible persons;

(VII) The persons having the circumstances as mentioned in the items (I) to (VI) during the recent 12 months;

(VIII) Other personnel who do not have independence as stipulated by laws, administrative regulations, the provisions of CSRC, the business rules of the Stock Exchanges and the Articles of Association.

The affiliated enterprises of the Company's controlling shareholders or actual controllers as mentioned in items (IV) to (VI) of the preceding paragraph do not include enterprises that are controlled by the same state-owned asset management institution as the Company and have not formed a related relationship with the Company in accordance with the relevant regulations.

Independent directors shall conduct self-examination of their independence every year and submit the self-examination results to the Board. The Board shall assess the independence of incumbent independent directors every year and issue special opinions, which shall be disclosed concurrently with the annual report.

The following matters shall be submitted to the Board for deliberation after being approved by more than half of all independent directors of the Company:

- (I) related party transactions that shall be disclosed;
- (II) plans for the Company and related parties to change or waive their commitments;
- (III) decisions made and measures adopted by the Board of the acquired listed company regarding the acquisition;
- (IV) other matters as stipulated by laws, administrative regulations, the provisions of CSRC and the Articles of Association.

The Company shall establish a special meeting mechanism attended entirely by independent directors. When the Board deliberates matters such as related party transactions, they shall be approved in advance by a special meeting of independent directors.

The Company shall hold special meetings of independent directors on a regular or irregular basis. The matters listed in items (I) to (III) of paragraph 1 of Article 130 and Article 131 of the Articles of Association shall be deliberated by a special meeting of independent directors.

A special meeting of independent directors shall be convened and presided over by an independent director jointly elected by more than half of independent directors. When the convener fails to or is unable to perform his/her duties, two or more independent directors may convene a meeting and elect one representative to preside over the meeting on their own initiative.

Special Committees under the Board of Directors

The Board of the Company shall have an Audit Committee, which shall exercise the functions and powers of the Supervisory Committee as provided by the Company Law.

The Audit Committee shall consist of three directors, who do not serve as senior management personnel in the Company, and of whom the majority shall be independent directors. The accounting professional among the independent directors shall serve as the convener.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external audit work and internal control. The following matters shall be submitted to the Board for deliberation after being approved by more than half of all members of the Audit Committee:

- (I) disclosure of financial information in financial accounting reports and periodical reports, as well as internal control evaluation reports;
- (II) engagement or dismissal of accounting firms that undertake the auditing business of the Company;

(III) appointment or dismissal of the chief financial officer of the Company;

(IV) changes in accounting policies or accounting estimates, or corrections of major accounting errors for reasons other than changes in accounting standards;

(V) other matters as stipulated by laws, administrative regulations, the provisions of CSRC and the Articles of Association.

The Audit Committee shall hold at least one meeting every quarter. An interim meeting may be convened upon proposal by two or more members or when the convener deems it necessary. The meeting of the Audit Committee shall be held only when more than two-thirds of the members are present.

A resolution of the Audit Committee shall be adopted by more than half of the members of the Audit Committee.

In voting on a resolution of the Audit Committee, each member shall have one vote.

The resolutions of the Audit Committee shall be recorded in meeting minutes as required, and the members of the Audit Committee attending the meeting shall affix signatures to the meeting minutes.

The working procedures of the Audit Committee shall be formulated by the Board.

The Company's Board shall establish other special committees, including the Strategy and ESG Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, which shall perform duties in accordance with the Articles of Association and the authorization of the Board. Proposals from the special committees shall be submitted to the Board for deliberation and decision. The working procedures of the special committees shall be formulated by the Board.

SENIOR MANAGEMENT PERSONNEL

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have several deputy general manager, who shall be appointed or dismissed by the Board of Directors.

The general manager, deputy general manager, chief financial officer, and Secretary to the Board shall be the senior management personnel of the Company.

The provisions of the Articles of Association regarding circumstances under which a person shall not serve as a director, as well as the resignation management system, shall apply mutatis mutandis to senior management personnel.

The provisions of the Articles of Association regarding the fiduciary duties and diligence obligations of directors shall apply mutatis mutandis to senior management personnel.

The general manager shall be accountable to the Board of Directors and shall exercise the following powers:

(I) to preside over the Company's production and operational management, to organize the implementation of resolutions of the Board of Directors, and to report to the Board of Directors on his or her work;

(II) to organize the implementation of the Company's annual business plans and investment proposals;

(III) to draft the plan for the establishment of the Company's internal management departments;

(IV) to draft the basic management systems of the Company;

(V) to formulate 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 of the Company;

(VII) to decide on the appointment or dismissal of management personnel other than those whose appointment or dismissal must be decided by the Board of Directors;

(VIII) other powers conferred by the Articles of Association or the Board of Directors.

The general manager shall attend meetings of the Board of Directors. If the general manager is not a director, he or she shall not have voting rights at Board meetings.

FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS AND AUDIT

Financial and Accounting Systems

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations, and relevant provisions of national authorities. The Company's accounting year shall adopt the Gregorian calendar year, commencing on January 1, and ending on December 31, of each year.

The Company shall submit and disclose its annual report to the regional office of the CSRC and the Stock Exchanges within four months from the end of each accounting year; submit and disclose its semi-annual report to the CSRC and the Stock Exchanges within two months from the end of the first six months of each accounting year; and submit and disclose its quarterly reports to the CSRC and the Stock Exchanges within one month from the end of the first three months and the first nine months of each accounting year.

The Company shall not establish any accounting books other than statutory accounting books. The Company's funds shall not be deposited in accounts opened under any individual's name.

When distributing the annual after-tax profits, the Company shall allocate 10% of the profits to the statutory reserve fund. When the accumulated amount of the statutory reserve fund reaches 50% or more of the Company's registered capital, further allocation may cease.

If the statutory reserve fund is insufficient to cover losses from previous years, the current year's profits shall first be used to offset such losses before allocating to the statutory reserve fund as stipulated above.

After allocating to the statutory reserve fund from the after-tax profits, the Company may, upon resolution of the Shareholders' General Meeting, allocate discretionary reserve funds from the after-tax profits.

The remaining after-tax profits after covering losses and allocating to reserve funds shall be distributed to shareholders in proportion to their shareholdings, except as otherwise provided in the Articles of Association.

If the Shareholders' General Meeting distributes profits to shareholders in violation of the Company Law, such shareholders shall return the profits distributed in violation to the Company; if losses are caused to the Company, the shareholders and responsible directors and senior management personnel shall bear compensation liability.

Shares held by the Company itself shall not participate in profit distribution.

The Company shall appoint one or more receiving agents in Hong Kong for holders of H Shares. Such receiving agents shall receive and hold on behalf of the relevant H shareholders any dividends or other amounts payable by the Company in respect of the H Shares for payment to such H shareholders. The receiving agents appointed by the Company shall comply with the requirements of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed.

The Company's reserve funds shall be used to cover the Company's losses, expand the Company's production and operations, or convert into the Company's registered capital.

When using reserve funds to cover losses, discretionary reserve funds and statutory reserve funds shall be used first; if still insufficient, capital reserve funds may be used in accordance with regulations.

When the statutory reserve fund is converted into registered capital, the remaining amount of such reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, under which the leadership structure, responsibilities and authorities, staffing, funding assurance, utilization of audit results, and accountability mechanisms of internal audit work shall be clearly defined.

The internal audit system of the Company shall be implemented upon approval by the Board of Directors and shall be disclosed externally.

Engagement of Accounting Firms

The Company shall engage an accounting firm that meets the requirements of the Securities Law to provide services including the audit of financial statements, verification of net assets, and other related consulting services. The term of engagement shall be one year and may be renewed.

The engagement or dismissal of an accounting firm shall be determined by an ordinary resolution of the Shareholders' General Meeting. The Board of Directors shall not appoint an accounting firm prior to a resolution by the Shareholders' General Meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial and accounting reports, and other accounting materials, and shall not refuse, conceal, or provide false information.

The remuneration of the accounting firm or the method for determining such remuneration shall be decided by the Board of Directors as authorized by the Shareholders' General Meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm 30 days in advance. When the Shareholders' General Meeting votes on the dismissal of the accounting firm, the accounting firm shall be permitted to make a statement of its opinion.

If the accounting firm resigns, it shall explain to the Shareholders' General Meeting whether there is any impropriety on the part of the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

The Company may carry out merger or division in accordance with the law. Merger of the Company may take two forms: merger by absorption and merger by new establishment. A company absorbs other companies as an absorption merger, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a new merger, and the merging parties are dissolved.

In the case of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and property list. The Company shall notify its creditors within 10 days from the date on which the resolution for the merger is made, and shall make a public announcement within 30 days in the Designated Media or through the National Enterprise Credit Information Publicity System.

Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if the notice is not received, require the Company to settle the debts or provide corresponding guarantees.

Upon merger, the surviving company or the newly established company shall succeed to the claims and debts of the parties to the merger.

In the case of a division of the Company, its assets shall be correspondingly divided.

Where the Company is to be divided, the parties to the division shall enter into a division agreement and prepare a balance sheet and property list. The Company shall notify its creditors within 10 days from the date on which the resolution for the division is made, and shall make a public announcement within 30 days in the Designated Media or through the National Enterprise Credit Information Publicity System.

Debts incurred by the Company prior to the division shall be assumed jointly and severally by the companies resulting from the division, unless otherwise provided in a written agreement on debt repayment entered into between the Company and the creditors prior to the division.

Where the Company reduces its registered capital, it shall prepare a balance sheet and property list.

The Company shall notify its creditors within 10 days from the date on which the resolution of the Shareholders' General Meeting on capital reduction is made, and shall make a public announcement within 30 days in the Designated Media or through the National Enterprise Credit Information Publicity System. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if the notice is not received, require the Company to settle the debts or provide corresponding guarantees.

Where the Company increases its registered capital through the issuance of new shares, the shareholders shall not have any preemptive subscription right, unless otherwise provided in the Articles of Association or resolved by the Shareholders' General Meeting.

Where the Company undergoes a merger or division and any registration particulars change as a result, it shall duly complete the procedures for change registration with the company registration authority in accordance with the law. Where the Company is dissolved, it shall go through deregistration procedures in accordance with the law. Where a new company is established, the procedures for company establishment registration shall be completed in accordance with the law.

Where the Company increases or reduces its registered capital, it shall complete the procedures for change registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved if:

(I) business term specified in the Articles of Association expires or other dissolution reasons as stipulated in the Articles of Association arise;

(II) the Shareholders' General Meeting resolves to dissolve the Company;

(III) a dissolution is required due to merger or division of the Company;

(IV) the Company's business license is revoked and it is ordered to close down or dissolve in accordance with the law;

(V) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of the shareholders and there is no other way to resolve, shareholders holding more than 10% of the voting rights of the Company can make a petition to the People's Court to dissolve the Company.

Where any of the above circumstances for dissolution arises, the Company shall disclose the cause of dissolution via the National Enterprise Credit Information Publicity System within 10 days.

If the Company falls under item (I) or item (II) of Article 191 of the Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending the Articles of Association or by a resolution of the Shareholders' General Meeting.

Any amendment to the Articles of Association or resolution of the Shareholders' General Meeting in accordance with the preceding paragraph must be adopted by shareholders representing more than two-thirds of the voting rights present at the Shareholders' General Meeting.

If the Company is dissolved in accordance with item (I), item (II), item (IV), or item (V) of Article 191 of the Articles of Association, it shall be liquidated. The directors shall be the liquidation obligors of the Company and shall establish a liquidation committee within 15 days from the date on which the cause for dissolution arises.

The liquidation committee shall be composed of the directors, unless otherwise provided in the Articles of Association or resolved by the Shareholders' General Meeting to appoint others.

Where the liquidation obligors fail to perform their liquidation obligations in a timely manner and cause losses to the Company or its creditors, they shall bear liability for compensation.

The liquidation committee shall exercise the following functions and power during liquidation:

- (I) to examine the assets of the Company and prepare a balance sheet and property list;
- (II) to notify creditors by a notice or announcement;
- (III) to handle the outstanding business of the Company in connection with liquidation;
- (IV) to settle the outstanding taxes and taxes incurred during the liquidation process;
- (V) to clear up claims and debts;
- (VI) to distribute the remaining assets of the Company after the discharge of debts;
- (VII) to participate in civil litigation on behalf of the Company.

The liquidation committee shall, within 10 days from its establishment, notify the creditors and shall make a public announcement within 60 days via the Designated Media or the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice, or, if no such notice is received, within 45 days from the date of the public announcement.

When declaring a claim, the creditor shall explain relevant details of the claim and provide supporting documents. The liquidation committee shall register the claims accordingly.

During the claims declaration period, the liquidation committee shall not make any repayment to creditors.

After examining the Company's assets and preparing the balance sheet and property list, the liquidation committee shall formulate a liquidation plan and submit it to the Shareholders' General Meeting or the People's Court for confirmation.

The remaining assets of the Company, after payment of liquidation expenses, employees' salaries, social insurance premiums, and statutory compensations, as well as settlement of outstanding taxes and debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not conduct any business activities unrelated to the liquidation.

The Company's assets shall not be distributed to shareholders before the debts have been settled in accordance with the preceding paragraph.

Where, during liquidation due to dissolution of the Company, the liquidation committee finds, after examining the Company's assets and preparing the balance sheet and property list, that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for bankruptcy liquidation.

Upon acceptance of the bankruptcy application by the People's Court, the liquidation committee shall hand over the liquidation affairs to the bankruptcy administrator designated by the People's Court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the Shareholders' General Meeting or the People's Court for confirmation, and filed with the company registration authority for the purpose of applying for cancelation of the Company's registration.

Where the Company is declared bankrupt according to law, bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(I) Where, following amendments to the Company Law or relevant laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed, any provision herein conflicts with such amended laws, administrative regulations, or 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 content in the Articles of Association;

(III) the Shareholders' General Meeting decides to amend the Articles of Association.

Where any amendment to the Articles of Association resolved by the Shareholders' General Meeting is subject to approval by a competent authority, such amendment shall be submitted to the competent authority for approval; where the amendment involves changes in the Company's registration particulars, the procedures for change of registration shall be completed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the Shareholders' General Meeting and the approval opinions of the relevant competent authorities.

Where any amendment to the Articles of Association involves information required by law or regulations to be disclosed, such information shall be publicly announced in accordance with provisions.

1. FURTHER INFORMATION ABOUT OUR GROUP**A. Incorporation**

Our Company was incorporated as a joint stock company in 2007 in Shanghai. In May 2017, we went public with our A Shares (Stock Code: 603501) listed on the main board of the Shanghai Stock Exchange. In November 2023, we successfully listed our GDRs on the SIX Swiss Exchange. Our GDRs are traded under the symbol “WILL.” On June 11, 2025, we changed our corporate name to Omnivision Integrated Circuits Group, Inc. (豪威集成電路（集團）股份有限公司). For further details of the A-Shares Listing and GDRs Listing, see “History and Corporate Structure—Major Shareholding Changes of Our Company—Listing on the Shanghai Stock Exchange” and “History and Corporate Structure—Major Shareholding Changes of Our Company—Listing on the SIX Swiss Exchange” in this document, respectively.

Our registered office is located at 7/F, Building C, Block 1, No. 3000 Longdong Avenue, Pilot Free Trade Zone, Shanghai, PRC. We were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on July 8, 2025 and our principal place of business in Hong Kong is at Room 1912, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. Ms. LAU Yee Wa has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was established in PRC, its operations are subject to the relevant laws and regulations of Chinese Mainland. A summary of the relevant aspects of laws and regulations of Chinese Mainland and the Articles of Association is set out in Appendices IV and V to this document, respectively.

B. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in our share capital within two years immediately preceding the date of this document.

The GDRs issued by our Company were listed on the SIX Swiss Exchange on November 10, 2023, with a total of 31,000,000 GDRs issued, each representing interest in one A share of our Company, corresponding to an increase of 31,000,000 A Shares. As a result, the total share capital of our Company increased by 31,000,000 A Shares.

In 2023, due to the exercise of the stock options under the 2019 Stock Option Incentive Plan, the 2020 Stock Option and Restricted Stock Incentive Plan and the 2021 Stock Option and Restricted Stock Incentive Plan and completion of share transfer registration, the total share capital of our Company increased by 3,693,759 A Shares.

In 2023, our Company repurchased and canceled a total of 4,302,565 granted but not yet unlocked restricted shares under the 2020 Stock Option and Restricted Stock Incentive Plan and the 2021 Stock Option and Restricted Stock Incentive Plan, and as a result, the total share capital of our Company decreased by 4,302,565 A Shares.

In 2023, the number of A Shares issued as a result of the conversion of the Convertible Bonds was 1,714, and the total share capital of our Company increased accordingly by 1,714 A Shares.

After the above changes in share capital, as of December 31, 2023, our Company’s total share capital changed to 1,215,775,357 shares.

In 2024, due to the exercise of the 2023 Second Phase Stock Option Incentive Plan and completion of share transfer registration, the total share capital of our Company increased accordingly by 1,695,945 A Shares.

In 2024, our Company repurchased and canceled a total of 1,348,717 granted but not yet unlocked restricted shares under the third phase of the 2021 Stock Option and Restricted Stock Incentive Plan, and the total share capital of our Company decreased accordingly by 1,348,717 A Shares.

In 2024, the number of A Shares issued as a result of the conversion of the Convertible Bonds was 950, and the total share capital of our Company increased accordingly by 950 A Shares.

After the above changes in share capital, as of December 31, 2024, our Company's total share capital changed to 1,216,123,535 A Shares.

From January 2025 to the Latest Practicable Date, due to the exercise of the 2023 First Phase Stock Option Incentive Plan, the total share capital of our Company increased accordingly by 1,543,160 A Shares.

Due to the exercise of the 2023 Second Phase Stock Option Incentive Plan from January 2025 to the Latest Practicable Date, the total share capital of our Company increased accordingly by 3,218,363 A Shares.

From January 2025 to the Latest Practicable Date, the number of A Shares issued as a result of the conversion of the Convertible Bonds was 2,554, and the total share capital of our Company increased accordingly by 2,554 A Shares.

In August 2025, the Company canceled 11,213,200 A Shares repurchased, and the total share capital of our Company decreased accordingly by 11,213,200 A Shares.

After the above changes in share capital, as of the Latest Practicable Date, our Company's total share capital is 1,209,674,412 A Shares.

C. Further Information about Our Major Subsidiaries

We have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with the requirements of paragraph 26 of Appendix D1A to the Listing Rules in relation to the disclosure of information relating to the changes in the share capital of any member of our Group within the two years immediately preceding the date of this document. For details, see "Waivers and Exemptions—Waiver in respect of alteration in share capital" in this document.

There has been no alteration in the registered capital of our Major Subsidiaries within two years preceding the date of this document.

D. Resolutions Passed by Our Shareholders' General Meeting of Our Company in Relation to the Global Offering

Pursuant to the shareholders' meeting held on June 18, 2025, the following resolutions, among others, were duly passed:

- (a) the issue by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be listed on the Hong Kong Stock Exchange;
- (b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not exceed 5% of the enlarged share capital of our Company upon completion of the Global Offering and granting the Underwriters the Over-allotment Option of no more than 15% of the above number of H Shares to be issued;

- (c) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on Listing Date; and
- (d) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contracts

The following are the contracts (not being contracts entered into in the ordinary course of business) entered into by any member of our Group within the two years immediately preceding the date of this document that are or may be material:

- (a) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Wildlife Willow Limited, UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 70.0 million;
- (b) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, UBS Asset Management (Singapore) Ltd. (as the delegate of the investment manager for and on behalf of the investors listed in the agreement), UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 40.0 million;
- (c) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Formosa Opportunity Limited, UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 33.68 million;
- (d) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Huaqin Telecom Hong Kong Limited, UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 30.0 million;
- (e) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Sky Royal Trading Limited, UBS Securities Hong Kong Limited, UBS AG

Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar 200.0 million;

- (f) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Pudong Science and Technology (Cayman) Co., Ltd., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 25.0 million;
- (g) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, JSC International Investment Fund SPC (as representative of Yongxin I SP), UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 20.0 million;
- (h) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Ghisallo Fund Master Ltd, UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 15.0 million;
- (i) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, Dajia Life Insurance Co., Ltd., UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited, Ping An of China Capital (Hong Kong) Company Limited, Ping An Securities (Hong Kong) Company Limited, GF Capital (Hong Kong) Limited, GF Securities (Hong Kong) Brokerage Limited, Haitong International Securities Company Limited and CLSA Limited with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 10.0 million;
- (j) a cornerstone investment agreement dated December 29, 2025 entered into among our Company, PSBC Wealth Management Co., Ltd. (中郵理財有限責任公司), UBS Securities Hong Kong Limited, UBS AG Hong Kong Branch, China International Capital Corporation Hong Kong Securities Limited (中國國際金融香港證券有限公司), Ping An of China Capital (Hong Kong) Company Limited (中國平安資本(香港)有限公司), Ping An Securities (Hong Kong) Company Limited (平安證券(香港)有限公司), GF Capital (Hong Kong) Limited (廣發融資(香港)有限公司), GF Securities (Hong Kong) Brokerage Limited (廣發證券(香港)經紀有限公司), Haitong International Securities

Company Limited (海通國際證券有限公司) and CLSA Limited (中信里昂證券有限公司) with respect to a subscription of H Shares at the Offer Price in the aggregate amount of Hong Kong dollar equivalent of US dollar 10.0 million; and

(k) the Hong Kong Underwriting Agreement.

B. Our Material Intellectual Property Rights

Save as disclosed below, as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material in relation to our business.

(a) Trademarks

(i) Registered Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration Number
1.	 WILLSEMI 韦尔半导体	42	The Company	China	50539286, 46115450
2.		9, 42, 35, 36, 38	Beijing Jinghongzhi	China	51233806, 51247291, 51260950, 51263977, 51762039
3.	 SuperPix Imaging Better	9, 12	OmniVision Technology Beijing	China	7919610, 7919905
4.		9	OmniVision Technologies	US Canada China, Japan, Korea, European Union, Singapore Malaysia Mexico New Zealand Israel Philippines Taiwan India	3772351 TMA 832499 1038931 2010008383 1207757 823843 229633 4-2010-005166 01448820 1962318
5.	OMNIVISION	9,10,35	OmniVision Technologies	Hong Kong Israel, Mexico, Philippines, Australia US Taiwan	305883760 1700141 7013763 02292540
6.	OMNIVISION	9, 35, 40, 42	OmniVision Technologies	China	60391180, 60380493, 60386756, 60372227

APPENDIX VI

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Class	Registrant	Place of registration	Registration Number
7.	OVMed	9, 10, 42	OmniVision Technologies	United States Germany, Japan	5566928 1397063
8.	Nyxel	9	OmniVision Technologies	United States China, Japan, Korea, European Union, Norway	5676231 1409892
9.	CameraCubeChip	9	OmniVision Technologies	Canada, Great Britain, Korea, European Union, New Zealand, Philippines, Singapore, Thailand US Taiwan Australia Hong Kong	1576385 6487267 02164946 2232642 305395258
10.	THEIACEL	9	OmniVision Technologies	China, Great Britain, Japan, European Union, Singapore, WIPO Hong Kong, Taiwan	73794603 1790089 306483871 02414505

(b) Patents

(i) Registered Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
1.	Comparator, comparison method, CAN transceiver, and vehicle. (比較器、比較方法、CAN 收發器及車輛)	Invention	Hunan Silicon	202211503738.0	2042-11-28	PRC
2.	CAN bus local wake-up circuit, CAN bus, and local wake-up method (CAN 總綫本地喚醒電路、CAN 總綫及本地喚醒方法)	Invention	Hunan Silicon	202211583752.6	2042-12-09	PRC
3.	A driving circuit, LIN bus, and driving method. (一種驅動電路、LIN 總綫以及驅動方法)	Invention	Hunan Silicon	202310009540.5	2043-01-04	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
4.	Method of manufacturing trench-type MOSFET, trench-type MOSFET, and electronic products. (溝槽型 MOSFET 的製作方法、溝槽型 MOSFET 和電子產品)	Invention	The Company	201910954530.2	2039-10-09	PRC
5.	A shielded gate MOSFET device and its manufacturing method, and electronic products (一種屏蔽柵型 MOSFET 器件及其製作方法、電子產品)	Invention	The Company	202010204225.4	2040-03-21	PRC
6.	Transient-voltage-suppression protection device, manufacturing process and electronic product (瞬態電壓抑制保護裝置、製造工藝及電子產品)	Invention	The Company	US17/424003	2041-07-19	US
7.	A bidirectional transient voltage suppression protection device, manufacturing process, and electronic product. (一種雙向瞬態電壓抑制保護器件、製作工藝及電子產品)	Invention	The Company	202010378835.6	2040-05-07	PRC
8.	A dual-channel common-source MOSFET chip packaging structure (一種雙路共漏 MOSFET 芯片封裝結構)	Utility Model	The Company	202021334387.1	2030-07-08	PRC
9.	A chip packaging process and chip packaging structure (一種芯片封裝工藝及芯片封裝結構)	Invention	The Company	202011570992.3	2040-12-26	PRC
10.	A trench-type MOSFET circuit model based on physical structure and its establishment method (一種基于物理結構的溝槽型 MOSFET 電路模型及其建立方法)	Invention	The Company	202110185932.8	2041-02-12	PRC
11.	A medium-to-high voltage shielded gate power MOSFET layout (一種中高壓屏蔽柵極功率 MOSFET 版圖)	Utility Model	The Company	202320227265.X	2033-01-31	PRC
12.	A trench SiCMOSFET device (一種溝槽 SiCMOSFET 器件)	Utility Model	The Company	202321966983.5	2033-07-24	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
13.	A trench IGBT structure (一種溝槽 IGBT 結構)	Utility Model	The Company	202322634523.9	2033-09-26	PRC
14.	A novel trench IGBT structure (一種新型溝槽 IGBT 結構)	Utility Model	The Company	202322628572.1	2033-09-26	PRC
15.	An SGT chip with high avalanche tolerance (一種具有高雪崩耐量的 SGT 芯片)	Utility Model	The Company	202322621748.0	2033-09-26	PRC
16.	A medium-to-high voltage shielded gate power MOSFET layout (一種中高壓屏蔽柵極功率 MOSFET 版圖)	Utility Model	The Company	202322746534.6	2033-10-12	PRC
17.	A MOSFET integrated diode monitoring chip junction temperature structure (一種 MOSFET 集成二極管監控芯片結溫結構)	Utility Model	The Company	202322752277.7	2033-10-12	PRC
18.	A high-voltage MOSFET layout and MOSFET chip (一種耐壓 MOSFET 版圖及 MOSFET 芯片)	Utility Model	The Company	202322776049.3	2033-10-12	PRC
19.	A chip packaging structure (一種芯片封裝結構)	Utility Model	The Company	202320020673.8	2033-01-05	PRC
20.	Circuit and photo sensor overlap for backside illumination image sensor (電路與光感測器重疊用於背面照明影像感測器)	Invention	OmniVision Technologies	200980104585.9	2029-02-02	PRC
21.	Stacked Image Sensor With Shared Diffusion Regions (具有共用擴散區域的堆疊影像感測器)	Invention	OmniVision Technologies	200980109452.0	2029-02-12	PRC
22.	Active Pixel Sensor Having Two Wafers (具有兩片晶圓的主動像素感測器)	Invention	OmniVision Technologies	200980108186.X	2029-03-26	PRC
23.	High Dynamic Range Image Sensor (高動態範圍影像感測器)	Invention	OmniVision Technologies	200980121401.X	2029-06-14	PRC
24.	Backside Illuminated Image Sensor With Backside Trenches (具有背面溝槽的背面照明影像感測器)	Invention	OmniVision Technologies	200980123136.9	2029-07-06	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
25.	Image Sensor Having Multiple Sensing Layers And Its Method Of Operating And Fabrication (具有多感測層的影像感測器及其操作與製造方法)	Invention	OmniVision Technologies	200980140232.4	2029-10-04	PRC
26.	Image Sensor With Controllable Transfer Gate Off State Voltage Levels (具可控轉移閘關斷電壓水平的影像感測器)	Invention	OmniVision Technologies	200980151839.2	2029-12-09	PRC
27.	Back Illuminated Sensor With Low Crosstalk (低串擾背照式感測器)	Invention	OmniVision Technologies	200980151625.5	2029-12-16	PRC
28.	BSI Image sensor having a grid-shaped waveguide embedded in a color filter (在彩色濾光片中嵌入格狀波導的背照式影像感測器)	Invention	OmniVision Technologies	201010550429.X	2030-11-08	PRC
29.	Backside Illuminated Imaging Sensor With Reinforced Pad Structure (具有加強墊結構的背面照明影像感測器)	Invention	OmniVision Technologies	201010564504.8	2030-11-16	PRC
30.	BSI Image Sensor With Optimized Black Level Correction (具有優化黑電平校正的背照式影像感測器)	Invention	OmniVision Technologies	201110046568.3	2031-02-17	PRC
31.	Virtual Big-small Pixel Scheme for HDR Sensors (HDR 感測器用虛擬大小像素方案)	Invention	OmniVision Technologies	201410074543.8	2034-03-02	PRC
32.	Color Filter Array, Color Filter Array Apparatus and Image Sensor (彩色濾光片陣列、彩色濾光片陣列裝置及影像感測器)	Invention	OmniVision Technologies	201410302864.9	2034-06-26	PRC
33.	Imaging Device for HDR Application (用於 HDR 應用的影像裝置)	Invention	OmniVision Technologies	201410785588.6	2034-12-17	PRC
34.	Dual Conversion Gain High Dynamic Range Sensor (雙轉換增益高動態範圍感測器)	Invention	OmniVision Technologies	201510011546.1	2035-01-08	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
35.	Color Filter Array Color Filter Array Apparatus and Image Sensor (彩色濾光片陣列、彩色濾光片陣列裝置及影像感測器)	Invention	OmniVision Technologies	201610615475.0	2036-07-29	PRC
36.	Short Resistant Chip Scale Package (抗短路晶片級封裝)	Invention	OmniVision Technologies	201710636661.7	2037-07-31	PRC
37.	Feedback Capacitor Formed by Bonding Via in Pixel Level Bond (由像素層鍵合通孔形成的反饋電容)	Invention	OmniVision Technologies	201711210139.9	2037-02-08	PRC
38.	Double Side AR Coating Design Between UVA to Visible to Improve the Sensitivity of Image Sensor (從 UVA 到可見光範圍的雙面抗反射塗層設計以提升影像感測器靈敏度)	Invention	OmniVision Technologies	201711370091.8	2037-12-18	PRC
39.	Chip Scale Image Sensor Package and Associated Method of Making Coefficients (晶片級影像感測器封裝及相關製造方法)	Invention	OmniVision Technologies	201810209734.9	2038-03-14	PRC
40.	SINGLE EXPOSURE HIGH DYNAMIC RANGE SENSOR (單次曝光高動態範圍感測器)	Invention	OmniVision Technologies	201810636929.1	2038-10-28	PRC
41.	A HIGH DYNAMIC RANGE SPLIT PIXEL CMOS IMAGE SENSOR WITH LOW COLOR CROSS TALK (低色彩串擾高動態範圍分割像素 CMOS 影像感測器)	Invention	OmniVision Technologies	202110528424.5	2041-05-14	PRC
42.	Black reference pixel for backside illuminated image sensor (背面照明影像感測器用黑色參考像素)	Invention	OmniVision Technologies	200980104591.4	2029-02-02	PRC
43.	Image Sensor Having Supplemental Capacitive Coupling Node (具有輔助電容耦合節點的影像感測器)	Invention	OmniVision Technologies	201110433598.X	2031-12-15	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
44.	Image Sensor Having Supplemental Capacitive Coupling Node and Operation Method Thereof (具有輔助電容耦合節點及其操作方法的影像感測器)	Invention	OmniVision Technologies	201410347541.1	2031-12-15	PRC
45.	Pad Design for Circuit Under Pad In Semiconductor Devices (半導體裝置中電路下墊設計)	Invention	OmniVision Technologies	201210432343.6	2032-11-01	PRC
46.	Lateral Light Shield in Backside Illuminated CMOS Image Sensors (背面照明 CMOS 影像感測器中的側向光遮罩)	Invention	OmniVision Technologies	201310049121.0	2033-02-06	PRC
47.	Optical Shield In A Pixel Planarization For Black Level Correction (用於黑電平校正的像素平坦化光學遮罩)	Invention	OmniVision Technologies	201410008314.6	2034-01-07	PRC
48.	Dual Pixel-sized Color Image Sensors and Methods for Manufacturing the Same (雙像素尺寸彩色影像感測器及其製造方法)	Invention	OmniVision Technologies	201410643620.7	2034-11-10	PRC
49.	Method for Multiwafer Stacking (多晶圓堆疊方法)	Invention	OmniVision Technologies	201510661646.9	2035-10-14	PRC
50.	CMOS Image Sensor with Peninsular Ground Contacts and Method of Manufacturing the Same (具有半島接地接點的 CMOS 影像感測器及其製造方法)	Invention	OmniVision Technologies	201610630745.5	2036-08-04	PRC
51.	A 3 Surface WLO Lens Design of Wide FOV (寬視野三面 WLO 鏡頭設計)	Invention	OmniVision Technologies	201610842870.2	2036-09-22	PRC
52.	Chip Scale Packaged Image Sensor Packages with Black Masking and Associated Packaging Methods (帶有黑色遮罩的晶片級封裝影像感測器封裝及相關封裝方法)	Invention	OmniVision Technologies	201610950721.8	2036-10-25	PRC
53.	Fabrication Methods of Image Sensor and Semiconductor Device (影像感測器及半導體裝置的製造方法)	Invention	OmniVision Technologies	201611180336.6	2036-12-19	PRC

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No.	Patent	Patent type	Patentee	Patent number	Expiry Date	Place of registration
54.	Image Sensor Package To Limit Package Height and Reduce Edge Flare (限制封裝高度並降低邊緣暈影的影像感測器封裝)	Invention	OmniVision Technologies	201810520561.2	2038-05-28	PRC
55.	Semiconductor Integrated Circuit Device, Display Device and Information Equipment (半導體積體電路裝置、顯示裝置及資訊設備)	Invention	OmniVision TDDI	201410412004.0	2034-08-20	PRC
56.	Display Module, Voltage Control Method, and Display Driver (顯示模組、電壓控制方法及顯示驅動器)	Invention	OmniVision TDDI	201880057598.4	2038-10-18	PRC
57.	Drive Control Device and Electronic Equipment (驅動控制裝置及電子設備)	Invention	OmniVision TDDI	201710208589.8	2037-03-31	PRC
58.	Driver IC and Display Device (驅動 IC 及顯示裝置)	Invention	OmniVision TDDI	201410126869.0	2034-03-31	PRC
59.	Semiconductor Device and Electronic Device (半導體裝置及電子裝置)	Invention	OmniVision TDDI	201310618328.5	2033-11-28	PRC
60.	Semiconductor Device, Display Device and Operation Method Thereof (半導體裝置、顯示裝置及其操作方法)	Invention	OmniVision TDDI	201810479158.X	2038-05-18	PRC
61.	Semiconductor Device (半導體裝置)	Invention	OmniVision TDDI	201410032403.4	2034-01-23	PRC

(c) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which we consider to be or may be material to our business:

No.	Domain Name
1.	ovt.com
2.	omnivision-group.com

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Service Contracts and Appointment Letters

We have entered into a service contract or appointment letter with each of the Directors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution

provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

B. Remuneration of Directors

The aggregate remuneration (including fees, salaries, wages, share-based compensation, contributions to pension plans, benefits-in-kind and discretionary bonuses) for our Directors for the years ended December 31, 2022, 2023 and 2024 and for the six months ended June 30, 2025 were approximately RMB17.7 million, RMB3.9 million, RMB10.3 million, and RMB5.3 million respectively.

Based on the current arrangements in force as of the Latest Practicable Date, it is estimated that the total remuneration (including share-based compensation but excluding discretionary bonus) for our Directors (including independent non-executive Directors) for the year ending December 31, 2025 will be approximately RMB11.1 million. The actual total remuneration (including share-based compensation) of Directors for the year ending December 31, 2025 may be different from the expected remuneration as the discretionary bonuses will be determined based on the results of our Company for the year ending December 31, 2025.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group. Furthermore, none of the Directors had waived or agreed to waive any emoluments during the same periods.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2022, 2023 and 2024 or the six months ended June 30, 2025 by any member of our Group to any of our Directors.

C. Disclosure of Interests

Save as disclosed below, immediately following the completion of the Global Offering and 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 Listing, none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (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 interest or short position which they were 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, once the H Shares are listed on the Hong Kong Stock Exchange.

(i) Interest in Shares of our Company

Name of Director	Position	Shares to be held after the Global Offering	Nature of interest	Number of shares	Approximate % interest in Shares of our Company immediately after the Global Offering ⁽¹⁾
Mr. YU Renrong ⁽²⁾⁽³⁾ . . .	Executive Director and Chairman of the Board	A Shares	Interest of person acting in concert	972,000	0.08%
		A Shares	Interest in controlled corporation	74,132,662	5.90%
		A Shares	Beneficial owner	303,472,250	24.17%
Mr. WU Xiaodong ⁽⁴⁾ . . .	Executive Director	A Shares	Beneficial owner	54,370	0.004%
Mr. JIA Yuan ⁽⁵⁾	Executive Director and Deputy General Manager	A Shares	Beneficial owner	3,962,641	0.32%
Ms. QIU Huanping ⁽⁶⁾ . .	Executive Director	A Shares	Beneficial owner	8,082	0.001%

Notes:

- (1) The calculation is based on the assumption 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 Listing and excluding the A Shares issuable upon the conversion of the outstanding Convertible Bonds.
- (2) Mr. YU Renrong is the chairman of the Board of Directors and an executive Director of our Company. See “Directors and Senior Management—Directors” for more details. Mr. YU Renrong is ultimate beneficial owner of the general partner of Shaoxing Weihao Management. Mr. YU Xiaorong is the brother of Mr. YU Renrong. As advised by our PRC Legal Advisor, Shaoxing Weihao Management and Mr. YU Xiaorong are parties acting in concert with Mr. YU Renrong pursuant to PRC law. Each of Mr. YU Renrong, Shaoxing Weihao Management and Mr. YU Xiaorong is deemed to be interested in all the A Shares in which each of them is interested.
- (3) Mr. YU Renrong is the ultimate beneficial owner of the general partner of Shaoxing Weihao Management. Accordingly, Mr. YU Renrong is deemed to be interested in the 74,132,662 A Shares held by Shaoxing Weihao Management. Mr. YU Renrong is also deemed to be interested in the Convertible Bonds with an outstanding principal amount of RMB2,319,000 (which were convertible to 14,328 A Shares upon full conversion of such Convertible Bonds, assuming a conversion price of RMB161.84 as of the Latest Practicable Date) held by Shaoxing Weihao Management as of the Latest Practicable Date.
- (4) Mr. WU Xiaodong is also entitled to subscribe for 82,000 A Shares pursuant to the outstanding stock options granted to him under the 2023 First Phase Stock Option Incentive Plan and the 2025 Stock Option Incentive Plan, subject to the conditions thereof.
- (5) Mr. JIA Yuan is also entitled to subscribe for 242,000 A Shares pursuant to the outstanding stock options granted to him under the 2023 First Phase Stock Option Incentive Plan and the 2025 Stock Option Incentive Plan, subject to the conditions thereof.
- (6) Ms. QIU Huanping is also entitled to subscribe for 34,900 A Shares pursuant to the outstanding stock options granted to her under the 2023 Second Phase Stock Option Incentive Plan and the 2025 Stock Option Incentive Plan, subject to the conditions thereof.

(ii) Interests of Substantial Shareholders in Members of Our Group (Excluding Our Company)

Save as disclosed below and the disclosure in the section headed “Substantial Shareholders”, our Directors are not aware of any other person who will, immediately following completion of the Global Offering and 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 Listing, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other member of our Group.

Member of our Group	Name of substantial shareholder	Approximate % held by the substantial shareholder
OmniVision Analog Integrated Circuit (Beijing) Co., Ltd. (豪威模擬集成電路(北京)有限公司)	Sichuan Yichong Technology Co., Ltd. (四川易沖科技有限公司)	33.33%
Hongguang Electronic Components (Shenzhen) Co., Ltd. (鴻光電子元件(深圳)有限公司)	GAN Zhijun	45%
OmniVision Touch and Display Technology (Shenzhen) Co., Ltd. (豪威觸控與顯示科技(深圳)有限公司)	TIAN Qi	13.71%

D. Disclaimer

Save as disclosed in this section and the section headed “Business” in this document:

- (i) none of our Directors or the chief executive of our Company has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed;
- (ii) none of our Directors or any of the experts referred to under the paragraph headed “—5. Other Information—E. Qualification of Experts” has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (iii) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (iv) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole;
- (v) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (vi) so far as is known to our Directors, no person (not being a Director or chief executive of our Company or any member of our Group) will, immediately following the completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (vii) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the top five customers or the top five suppliers of our Group in each year/period of the Track Record Period.

4. OUR INCENTIVE SCHEMES**Stock Option Incentive Plans**

The following is a summary of the principal terms of our outstanding share incentive plans, including the 2023 First Phase Stock Option Incentive Plan, 2023 Second Phase Stock Option Incentive Plan, and 2025 Stock Option Incentive Plan (collectively, the “**Stock Option Incentive**”

Plans”). Given no further share options will be granted under the Stock Option Incentive Plans after the Listing, the terms of the Stock Option Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules.

(i) Purpose

The purpose of the Stock Option Incentive Plans is to motivate and incentivize our management and key employees, and to attract and retain outstanding talents, in order to increase our competitiveness and to achieve our strategic development and business objectives. The Stock Option Incentive Plans are implemented to align the interests of the Shareholders with the interests of our Group and employees which will benefit the sustained development of our Group.

(ii) Administration

The Stock Option Incentive Plans are subject to the approval of the Shareholders’ meeting and administration of the Board.

(iii) Participants

The participants of the Stock Option Incentive Plans include our management and key employees. The scope of participants excludes independent directors and shareholders or actual controller who individually or collectively hold 5% or more of the A Shares of our Company and their spouse, parents and children.

(iv) Maximum number of options

The shares underlying the options to be granted under the Stock Option Incentive Plans are A Shares to be issued by our Company to the selected participants. Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The maximum number of options that can be granted and the number of options to be exercised under each of the Stock Option Incentive Plans are as follows:

Stock Option Incentive Plan	Maximum number of options can be granted under the plan	Number of Options to be exercised under the plan
2023 First Phase Stock Option Incentive Plan	7,716,850	3,579,038
2023 Second Phase Stock Option Incentive Plan . . .	12,270,600	6,006,035
2025 Stock Option Incentive Plan	19,983,400	19,983,400

(v) Date of grant and duration of the incentive plan

The date on which the options are granted shall be a trading day determined by the Board within 60 days after the date of approval of the Stock Option Incentive Plans by the Shareholders’ meeting. The grant of options shall be approved by the Board, registered and announced within 60 days after the approval of the Stock Option Incentive Plans by the Shareholders’ meeting. The term of the Stock Option Incentive Plans shall commence from the date of registration of share options granted under relevant plans and continue until the share options are fully exercised or canceled. This term shall not exceed 48 months.

(vi) Conditions to the grant of options

The options under the Stock Option Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

- (a) With respect to our Company, none of the following circumstances having occurred:
 - (1) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to our Company's accountants' report for the most recent fiscal year;
 - (2) An audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountant with respect to the internal control report contained in accountants' report for the most recent fiscal year;
 - (3) Our Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the last 36 months after its listing;
 - (4) Applicable laws and regulations prohibit the implementation of any share incentive scheme; or
 - (5) Any other circumstances determined by the CSRC.
- (b) With respect to a grantee, none of the following circumstances having occurred:
 - (1) The grantee has been regarded as an inappropriate person by the stock exchange within the last 12 months;
 - (2) The grantee has been regarded as an inappropriate person by the CSRC or its local office within the last 12 months;
 - (3) The grantee has been punished or prohibited from entering into the securities market by the CSRC or its local office within the last 12 months;
 - (4) The grantee is not qualified to serve as a director or senior management according to the PRC Company Law;
 - (5) The grantee is prohibited from participating in any incentive plan of listed companies according to applicable laws and regulations; or
 - (6) Any other circumstances determined by the CSRC.

No consideration is paid/payable for the options granted under Stock Option Incentive Plans.

(vii) Exercise of options

Options may be exercised by a grantee provided that (i) the conditions set out under paragraph (vi) above are fulfilled at the time of exercise of options; and (ii) the annual assessment and performance targets as set out under the Stock Option Incentive Plans are achieved.

The exercise price for the option to be granted under the 2023 First Phase Stock Option Incentive Plan and 2023 Second Phase Stock Option Incentive Plan shall be the higher of (i) 80% of the average trading price of the A Shares in the trading day before the announcement of the draft plan; and (ii) 80% of the average trading price of the A Shares during 60 trading days before the announcement of the draft plan. The exercise price for the option to be granted under the 2025 Stock

Option Incentive Plan shall be the higher of (i) the average trading price of the A Shares in the trading day before the announcement of the draft plan; and (ii) the average trading price of the A Shares during 120 trading days before the announcement of the draft plan.

The number of options granted and the exercise prices will be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, issue of bonus shares, subdivision of shares and issue of new shares.

The exercise schedule of the options granted are either:

- (a) exercisable in tranches of 30% during the exercise period that occur between the first trading date after the 12-month anniversary from the date of grant and the last trading day up to the 24-month anniversary of the date of grant;
- (b) exercisable in tranches of 35% in each of the four exercise periods that occur between the first trading date after the 24-month anniversary from the date of grant and the last trading day up to the 36-month anniversary of the date of grant; or
- (c) exercisable in tranches of 35% in each of the three exercise periods that occur between the first trading date after the 36-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant.

The exercise of the options granted under the 2023 First Stock Option Incentive Plan and 2023 Second Stock Option Incentive Plan shall be on a trading day, which shall not fall within the following periods (i) 30 days before the publication of annual report and interim report; (ii) the period starting from 30 days before the initial publication of annual report and interim report (due to any delay of publication) until one day before the publication of such report; (iii) 10 days before the publication of quarterly report, earnings forecast and preliminary earnings estimate; (iv) the period starting from the date of occurrence of any significant price-sensitive event or the decision-making process in respect of such event until the date of announcement of such event; and (v) any other period stipulated by the CSRC and the Shanghai Stock Exchange.

The exercise of the options granted under the 2025 Stock Option Incentive Plan shall be on a trading day, which shall not fall within the following periods (i) 15 days before the publication of annual report and interim report; (ii) the period starting from 15 days before the initial publication of annual report and interim report (due to any delay of publication) until one day before the publication of such report; (iii) 5 days before the publication of quarterly report, earnings forecast and preliminary earnings estimate; (iv) the period starting from the date of occurrence of any significant price-sensitive event or the decision-making process in respect of such event until the date of announcement of such event; and (v) any other period stipulated by the CSRC and the Shanghai Stock Exchange.

The grantees must exercise their options within the validity period of the respective options. Upon the expiry of the validity period, options granted but not exercised will cease to be exercisable and shall be canceled by our Company.

(viii) Outstanding options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the 2023 First Phase Stock Option Incentive Plan, 2023 Second Phase Stock Option Incentive Plan and 2025 Stock Option Incentive Plan amounted to 3,579,038 A Shares, 6,006,035 A Shares and 19,983,400 A Shares respectively, representing approximately 0.29%,

0.48% and 1.59% respectively of the issued Shares immediately following the completion of the Listing (assuming no changes to our issued and outstanding shares between the Latest Practicable Date and the Listing and no exercise of the Over-allotment Option). As of the Latest Practicable Date, the aforementioned outstanding options were held by 716 grantees, 1,831 grantees and 3,361 grantees, respectively. Assuming full exercise of all outstanding options granted under the Stock Option Incentive Plans, the issued and outstanding shareholding of the Shareholders immediately following completion of the Listing will be diluted by approximately 2.30%.

A Shares underlying the Stock Option Incentive Plans are sourced from both repurchased and newly issued shares. The options granted under each of the Stock Option Incentive Plans vest in three tranches, with vesting periods of 12 months, 24 months and 36 months from the date on which the options are granted, respectively.

The tables below set forth the details of the options granted to Directors, senior management members, and other connected persons under the Stock Option Incentive Plans which were outstanding as of the Latest Practicable Date:

(a) 2023 First Phase Stock Option Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering ⁽¹⁾
<i>Directors or senior management members</i>							
Mr. JIA Yuan	Executive Director and Deputy General Manager	October 10, 2023	No. 38, Lane 99, Pu Ming Road, Pudong New Area, Shanghai, PRC	42,000	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0033%
Mr. WU Xiaodong . . .	Executive Director	October 10, 2023	Room 2102, No. 25, Lane 666, Jinxu Road, Pudong New Area, Shanghai, PRC	42,000	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0033%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering⁽¹⁾
Mr. WANG Song	Deputy General Manager of the Company	October 10, 2023	No. 35 North Second Street, Jiaodaokou, Dongcheng District, Beijing, PRC	21,000	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0017%
Ms. REN Bing	Secretary to our Board of Directors	October 10, 2023	Room 201, Building 2, No.2 Xinjian Street, Douhudi Town, Gong'an County, Hubei Province, PRC	17,500	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0014%
Connected persons							
YU Ti	Core technical (business) personnel and an associate of a Director of our Company	October 10, 2023	No. 27, Zhenjiang East Road, Zhangjiang Town, Pudong New Area, Shanghai, PRC	4,200	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0003%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering⁽¹⁾
YANG Hongli	Director of OmniVision Technologies and OmniVision Technologies Singapore	October 10, 2023	20599 Wardell, Saratoga, California 95070	52,500	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0042%
CHAN Anson Hoi-Fung . . .	Director of Creative Legend Investments Ltd. and Chief Executive of OmniVision International Ontario	October 10, 2023	1275 Trestle Wood Ln, San Jose CA 95138	22,750	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0018%
FANG Rongxing . . .	Director of Shenzhen Jinghongzhi, Will Semiconductor, and Waching Electronic	October 10, 2023	Room 2-15C, Building 6, Tianjiao Shijia, Jinhua Road, Bao'an District, Shenzhen, Guangdong Province, PRC	5,250	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0004%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering ⁽¹⁾
ZHANG Peifeng	Director and general manager of Jinghongzhi Electronics	October 10, 2023	No. 3, 15 Ronghua Middle Street, Daxing District, Beijing, PRC	4,200	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0003%
WANG Lihua	Supervisor of Jinghongzhi Electronics	October 10, 2023	Room 1102, Building 1, Wenxin Garden, No. 4003 Xiangmihu Road, Futian District, Shenzhen, Guangdong Province, PRC	2,100	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0002%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(b) 2023 Second Phase Stock Option Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering ⁽¹⁾
<i>Directors or senior management members</i>							
Ms. QIU Huanping	Executive Director	October 10, 2023	Room 2002, No.112, Lane 2388, Chengshan Road, Pudong New Area, Shanghai, PRC	9,900	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0008%
XU Xing	Chief Financial Officer of the Company	October 10, 2023	Room 1704, No.3, Lane 179, Tianping Road, Xuhui District, Shanghai, PRC	14,000	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0011%
<i>Connected persons</i>							
Willie Png Teck Tian	Director of OmniVision Technologies Singapore	October 10, 2023	Block 285A, Toh Guan Road, #09-60, Singapore 601285	12,600	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.0010%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(c) 2025 Stock Option Incentive Plan

Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering ⁽¹⁾
<i>Directors or senior management members</i>							
Mr. JIA Yuan	Executive Director and Deputy General Manager	March 31, 2025	No.38, Lane 99, Pu Ming Road, Pudong New Area, Shanghai, PRC	200,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0159%
Mr. WU Xiaodong . .	Executive Director	March 31, 2025	Room 2102, No.25, Lane 666, Jinxiu Road, Pudong New Area, Shanghai, PRC	40,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0032%
Ms. QIU Huanping . .	Executive Director	March 31, 2025	Room 2002, No.112, Lane 2388, Chengshan Road, Pudong New Area, Shanghai, PRC	25,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0020%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering⁽¹⁾
Mr. WANG Song	Deputy General Manager of the Company	March 31, 2025	No. 35 North Second Street, Jiadaokou, Dongcheng District, Beijing, PRC	40,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0032%
XU Xing	Chief Financial Officer of the Company	March 31, 2025	Room 1704, No. 3, Lane 179, Tianping Road, Xuhui District, Shanghai, PRC	40,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0032%
Ms. REN Bing	Secretary to our Board of Directors	March 31, 2025	Room 201, Building 2, No.2 Xinjian Street, Douhudi Town, Gong'an County, Hubei Province, PRC	50,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0040%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering⁽¹⁾
<i>Connected persons</i>							
YU Ti	Core technical (business) personnel and an associate of a Director of our Company	March 31, 2025	No. 27, Zhenjiang East Road, Zhangjiang Town, Pudong New Area, Shanghai, PRC	4,462	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0004%
YANG Hongli	Director of OmniVision Technologies and OmniVision Technologies Singapore	March 31, 2025	20599 Wardell, Saratoga, California 95070	200,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0159%
Willie Png Teck Tian	Director of OmniVision Technologies Singapore	March 31, 2025	Block 285A, Toh Guan Road, #09-60, Singapore 601285	18,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0014%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering⁽¹⁾
FANG Rongxing . .	Director of Shenzhen Jinghongzhi, WILL Semiconductor and WACHING ELECTRONIC	March 31, 2025	Room 2-15C, Building 6, Tianjiao Shijia, Jinhua Road, Bao'an District, Shenzhen, Guangdong Province, PRC	15,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0012%
CHAN Anson Hoi-Fung . .	Director of Creative Legend Investments Ltd. and Chief Executive of OmniVision International Ontario	March 31, 2025	1275 Trestle Wood Ln, San Jose CA 95138	50,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0040%
ZHANG Peifeng	Director and general manager of Jinghongzhi Electronics	March 31, 2025	No. 3, 15 Ronghua Middle Street, Daxing District, Beijing, PRC	13,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0010%

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Name of the grantee	Position in the Group	Date of grant	Address	Number of A Shares under options granted	Exercise price	Exercise period	A Shares underlying outstanding option as a percentage of issued Shares immediately after the Global Offering ⁽¹⁾
WANG Lihua	Supervisor of Jinghongzhi Electronics	March 31, 2025	Room 1102, Building 1, Wenxin Garden, No. 4003 Xiangmihu Road, Futian District, Shenzhen, Guangdong Province, PRC	5,000	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	0.0004%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

The tables below set forth the details of options granted to other grantees (excluding the abovementioned connected persons of our Company) under the Stock Option Incentive Plans, categorized by the number of underlying shares, which were outstanding as of the Latest Practicable Date:

(a) 2023 First Phase Stock Option Incentive Plan

Category by number of underlying A Shares	Number of grantees	Date of grant	Exercise period	Exercise price	Number of A Shares under options granted	Approximate percentage of the issued Shares immediately after completion of the Global Offering ⁽¹⁾
1 to 5,000	568	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	1,220,647	0.10%
5,001 to 10,000 . . .	70	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	494,836	0.04%
10,001 to 20,000 . . .	40	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	521,678	0.04%
20,001 to 30,000 . . .	11	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	279,535	0.02%
30,001 to 112,250 . .	17	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	848,842	0.07%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(b) 2023 Second Phase Stock Option Incentive Plan

Category by number of underlying A Shares	Number of grantees	Date of grant	Exercise period	Exercise price	Number of A Shares under options granted	Approximate percentage of the issued Shares immediately after completion of the Global Offering ⁽¹⁾
1 to 5,000 .	1,437	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	2,556,261	0.20%
5,001 to 10,000 .	302	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	2,118,143	0.17%
10,001 to 20,000 .	77	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	982,731	0.08%
20,001 to 30,000 .	9	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	200,400	0.02%
30,001 to 38,500 .	3	October 10, 2023	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	RMB78.01	112,000	0.01%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(c) 2025 Stock Option Incentive Plan

Category by number of underlying A Shares	Number of grantees	Date of grant	Exercise period	Exercise price	Number of A Shares under options granted	Approximate percentage of the issued Shares immediately after completion of the Global Offering ⁽¹⁾
1 to 5,000 . .	2,161	March 31, 2025	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	RMB138.67	4,972,150	0.40%
5,001 to 10,000 . .	731	March 31, 2025	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	RMB138.67	5,464,921	0.44%
10,001 to 20,000 . .	326	March 31, 2025	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	RMB138.67	4,614,802	0.37%
20,001 to 30,000 . .	86	March 31, 2025	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	RMB138.67	2,147,412	0.17%
30,001 to 127,120 . .	44	March 31, 2025	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	RMB138.67	2,083,653	0.17%

Note:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

The table below sets forth the details of options granted to other grantees (excluding Directors, senior management members, and other connected persons of our Company) for each of the Stock Option Incentive Plans which were outstanding as of the Latest Practicable Date:

Stock Option Incentive Plan	Number of grantees ⁽²⁾	Date of grant	Number of A Shares under the outstanding options	Exercise price	Exercise period	A Shares underlying the outstanding options as a percentage of issued Shares immediately after completion of the Global Offering ⁽¹⁾
2023 First Phase Stock Option Incentive Plan . . .	706	October 10, 2023	3,365,538	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.27%
2023 Second Phase Stock Option Incentive Plan . . .	1,828	October 10, 2023	5,969,535	RMB78.01	30%: From October 10, 2024 to October 9, 2025; 35%: From October 10, 2025 to October 9, 2026; 35%: From October 10, 2026 to October 9, 2027	0.48%
2025 Stock Option Incentive Plan . . .	3,348	March 31, 2025	19,282,938	RMB138.67	30%: From March 31, 2026 to March 30, 2027; 35%: From March 31, 2027 to March 30, 2028; 35%: From March 31, 2028 to March 30, 2029	1.54%

Notes:

- (1) The calculation is based on the assumption that the Over-allotment Option is not exercised and no new Shares are issued under our Stock Option Incentive Plans, and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.
- (2) The individual grantees may have options granted in one or more of the Stock Option Incentive Plans.

5. OTHER INFORMATION**A. Estate Duty**

Our Directors have been advised that no material liability for estate duty under PRC laws is likely to fall upon any member of our Group.

B. Litigation

Save as disclosed in the sections headed “Business” and “Financial Information” in this document, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company’s results of operations or financial condition.

C. Joint Sponsors

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for listing of, and permission to deal in, the H Shares of our Company. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. Ping An of China Capital (Hong Kong) Company Limited, one of the Joint Sponsors, is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (together with its subsidiaries “**Ping An Insurance**”) Taking into account of the business relationship of the Group and the Controlling Shareholders with Ping An Insurance, which might reasonably give rise to a perception that the sponsor’s independence would be so affected, Ping An of China Capital (Hong Kong) Company Limited is not considered as an independent sponsor pursuant to the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Save for Ping An of China Capital (Hong Kong) Company Limited, each of the other Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between our Company and the Joint Sponsors, the aggregate amount of sponsor fee payable by the Company to the Joint Sponsors is USD1.0 million.

D. Compliance Adviser

Our Company has appointed Guotai Junan Capital Limited as our compliance adviser in compliance with Rules 3A.19 of the Listing Rules.

E. Qualification of Experts

The qualification of the experts, as defined under the Listing Rules, who have given opinions in this document are as follows:

Name	Qualification
UBS Securities Hong Kong Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities as defined under the SFO

APPENDIX VI**STATUTORY AND GENERAL INFORMATION**

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Ping An of China Capital (Hong Kong) Company Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
GF Capital (Hong Kong) Limited	Licensed to conduct type 6 (advising on corporate finance) regulated activities as defined under the SFO
Tian Yuan Law Firm	Legal adviser to our Company as to PRC laws
Cleary Gottlieb Steen & Hamilton (Hong Kong)	Legal advisor as to U.S. outbound investment rules and to our Company as to U.S. export control and sanctions laws
BDO Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant

F. Consents of Experts

Each of the experts as referred to in “—5. Other Information—E. Qualification of Experts” in this Appendix has given on the date of this document and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

G. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, 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 so far as applicable.

H. 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 June 30, 2025, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants’ Report in Appendix I to this document, and up to the date of this document.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer on each of the purchaser and the seller is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

J. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, please refer to “Summary of the Articles of Association—Increase, Reduction and Repurchase of Shares” in Appendix V to this document.

K. Preliminary Expenses

We have not incurred any material preliminary expenses.

L. Promoters

Within two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this document.

M. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this document as mentioned in “Appendix I — Accountants’ Report — 51. Related Party Transactions.”

N. Miscellaneous

Save as disclosed in this section and in the section headed “Financial Information” in this document:

- (i) within the two years immediately preceding the date of this document:
 - (a) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (b) no share or loan capital of our Company or any of our subsidiaries had been under option or is agreed conditionally or unconditionally to be put under option;
 - (c) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and
 - (d) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (ii) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;
- (iii) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;
- (iv) our Company has no outstanding convertible debt securities or debentures;
- (v) there is no arrangement under which future dividends are waived or agreed to be waived;

- (vi) save for the A Shares of our Company that are listed on the Shanghai Stock Exchange, and save for the H Shares to be issued in connection with the Global Offering, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (vii) all necessary arrangements have been made to enable the H shares to be admitted into CCASS for clearing and settlement.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “Statutory and General Information—2. Further Information about our Business—A. Summary of Our Material Contracts” in Appendix VI to this document; and
- (b) the written consents referred to in the section headed “Statutory and General Information—5. Other Information—F. Consents of Experts” in Appendix VI to this document.

B. DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of our Company at www.omnivision-group.com and on the website of the Hong Kong Stock Exchange at www.hkexnews.hk during a period of 14 days from the date of this document:

- (a) the Articles of Association;
- (b) the accountants’ report from BDO Limited, the text of which is set out in Appendix I to this document;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;
- (d) the report on review of the unaudited interim financial information of our Group for the nine months ended September 30, 2025 from BDO Limited, the text of which is set out in the section headed “Unaudited Interim Condensed Consolidated Financial Information for The Nine Months Ended September 30, 2025” in Appendix IA to this document;
- (e) the report from BDO Limited on the unaudited pro forma financial information of our Group, the text of which is set out in the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this document;
- (f) the industry report issued by Frost & Sullivan referred to in “Industry Overview” in this document;
- (g) the PRC legal opinions issued by Tian Yuan Law Firm in respect of certain general corporate matters and property interests in Chinese Mainland of our Group;
- (h) the legal memorandum issued by Cleary Gottlieb Steen & Hamilton (Hong Kong) to assess the Company’s compliance with the U.S. export control laws and regulations;
- (i) the legal memorandum issued by Cleary Gottlieb Steen & Hamilton (Hong Kong) to assess the impact of the U.S. outbound investment rules as to the Global Offering;
- (j) the material contracts referred to in “Statutory and General Information—2. Further Information about our Business—A. Summary of Our Material Contracts” in Appendix VI to this document;
- (k) the written consents referred to in “Statutory and General Information—5. Other Information—F. Consents of Experts” in Appendix VI to this document;

- (l) the contracts referred to in the section headed “Statutory and General Information—3. Further Information About Our Directors—A. Particulars of Directors’ Service Contracts and Appointment Letters” in Appendix VI to this document;
- (m) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and
- (n) the terms of the Stock Option Incentive Plans.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a full list of all the grantees under the Stock Option Incentive Plans will be made available for public inspection at our Company’s Hong Kong legal adviser’s office in Hong Kong at 31/F, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document.

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