GigaDevice

兆易創新科技集團股份有限公司

GigaDevice Semiconductor Inc.

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

Stock Code : 3986

GLOBAL OFFERING

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

CICC 中金公司

华泰国际
HUATAI INTERNATIONAL

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

GigaDevice Semiconductor Inc.

兆易創新科技集團股份有限公司

(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	**:**	**28,915,800 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**2,891,600 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**26,024,200 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$162.00 per H Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock Code	**:**	**3986**

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

CICC 中金公司

华泰国际 HUATAI INTERNATIONAL

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

The Offer Price is expected to be determined by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters), and the Company on the Price Determination Date, which is expected to be on or before Friday, January 9, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Friday, January 9, 2026 (Hong Kong time). The Offer Price will not be more than HK$162.00 per Offer Share and is currently expected to be not less than HK$132.00 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon on Friday, January 9, 2026 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$162.00 for each Hong Kong Offer Share together with a brokerage fee of 1.0%, an SFC transaction levy of 0.0027%, a Stock Exchange trading fee of 0.00565% and an AFRC transaction levy of 0.00015%, subject to refund if the Offer Price as finally determined is less than HK$162.00.

The Overall Coordinators, on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK$132.00 to HK$162.00) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.gigadevice.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. See "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" sections for further details.

Prospective investors of the Hong Kong Offer Shares should note that the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by 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" section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of US persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S.

ATTENTION

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

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.gigadevice.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

December 31, 2025

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 prospectus to the public in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.gigadevice.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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

(1) apply online through the **HK eIPO White Form** service at **www.hkeipo.hk**;

(2) apply through the **HKSCC EIPO** channel to electronically cause HKSCC Nominees to apply on your behalf, including by instructing your **broker** or **custodian** who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

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

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

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

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

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

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	16,363.38	2,000	327,267.55	10,000	1,636,337.70	300,000	49,090,131.00
200	32,726.75	2,500	409,084.43	20,000	3,272,675.40	400,000	65,453,508.00
300	49,090.13	3,000	490,901.31	30,000	4,909,013.10	500,000	81,816,885.00
400	65,453.51	3,500	572,718.20	40,000	6,545,350.80	600,000	98,180,262.00
500	81,816.89	4,000	654,535.08	50,000	8,181,688.50	700,000	114,543,639.00
600	98,180.26	4,500	736,351.96	60,000	9,818,026.20	800,000	130,907,016.00
700	114,543.64	5,000	818,168.86	70,000	11,454,363.90	900,000	147,270,393.00
800	130,907.01	6,000	981,802.62	80,000	13,090,701.60	1,000,000	163,633,770.00
900	147,270.40	7,000	1,145,436.39	90,000	14,727,039.30	1,200,000	196,360,524.00
1,000	163,633.76	8,000	1,309,070.15	100,000	16,363,377.00	1,445,800(1)	236,581,704.67
1,500	245,450.65	9,000	1,472,703.94	200,000	32,726,754.00		

Notes:

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

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

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

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

Hong Kong Public Offering commences	9:00 a.m. on Wednesday, December 31, 2025
Latest time for completing electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Thursday, January 8, 2026
Application lists open[3]	11:45 a.m. on Thursday, January 8, 2026
Latest time for (a) completing payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12:00 noon on Thursday, January 8, 2026

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

Application lists close[3]	12:00 noon on Thursday, January 8, 2026
Expected Price Determination Date	Friday, January 9, 2026
Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares to be published on the website of the Stock Exchange at **www.hkexnews.hk** and on the Company's website at **www.gigadevice.com**[5] at or before	11:00 p.m. on Monday, January 12, 2026

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

• in the announcement to be posted on our website and the website of the Stock Exchange at **www.gigadevice.com** and **www.hkexnews.hk**, respectively	at or before 11:00 p.m. on Monday, January 12, 2026
• Results of allocation for the Hong Kong Public Offering will be available at the "Allotment Results" page from the designated results of allocations website at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) with a "search by ID" function from	11:00 p.m. on Monday, January 12, 2026 to 12:00 midnight on Sunday, January 18, 2026
• from the allocation results telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from	Tuesday, January 13, 2026 to Friday, January 16, 2026 (except Saturday, Sunday and public holidays in Hong Kong)
H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6][8]	Monday, January 12, 2026
HK eIPO White Form e-Auto Refund payment instructions/refund checks in respect of (i) wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and (ii) wholly or partially unsuccessful application under the Hong Kong Public Offering to be dispatched on or before[7][8]	Tuesday, January 13, 2026
Dealings in the H Shares on the Stock Exchange expected to commence at	9:00 a.m. on Tuesday, January 13, 2026

The application for the Hong Kong Offer Shares will commence on Wednesday, December 31, 2025 through Thursday, January 8, 2026, being longer than normal market practice of three and a half days. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, January 13, 2026.

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

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

(3) If there is/are a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, January 8, 2026, the application lists will not open or close on that day. For details, please refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — E. Bad Weather Arrangements" in this prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by instructing their broker or custodian to give **electronic application instructions** to HKSCC via FINI should refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels" in this prospectus.

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

(6) H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(7) **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application.

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

Applicants who have applied for Hong Kong Offer Shares through the HKSCC EIPO channel should refer to the paragraph headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus for details.

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

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

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

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

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

IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus to make your investment decision. The Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by the 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 their respective directors, officers, employees, agents, advisers or representatives, or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be in conjunction with, the full text of this prospectus. You should read the entire prospectus 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 H Shares are set out in "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the H Shares.

WHO WE ARE

We are an integrated circuit ("**IC**") design house for a diverse range of chips. We provide customers with a wide range of chips, including Flash, niche dynamic random access memory ("**DRAM**"), micro control units ("**MCU**"), analog chips and sensor chips that can be used in consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), personal computers ("**PC**") and servers, internet of things ("**IoT**"), network communications and other fields to meet various demands, as well as a complete set of systems and solutions, including corresponding algorithms and software. We adopt a fabless business model, which means that we focus on IC design and research and development, while outsource the manufacturing of IC to external foundries and outsourced semiconductor assembly and test ("**OSAT**") partners.

Founded in 2005, we have been deeply involved in the specialty memory chip industry for 20 years and the MCU field for 14 years. We have become a prominent specialty memory chip and MCU company in Chinese Mainland and have created specialty memory chip and MCU brands with global influence. We always focus on value creation for customers and have formed a high-quality customer base across the globe. According to Frost & Sullivan, in terms of sales in 2024:

- ***NOR Flash***. We ranked second globally and first in Chinese Mainland with a global market share of 18.5%.

- ***Single-level Cell ("SLC") NAND Flash***. We ranked sixth globally and first in Chinese Mainland with a global market share of 2.2%.

- ***Niche DRAM***. We ranked seventh globally and second in Chinese Mainland with a global market share of 1.7%.

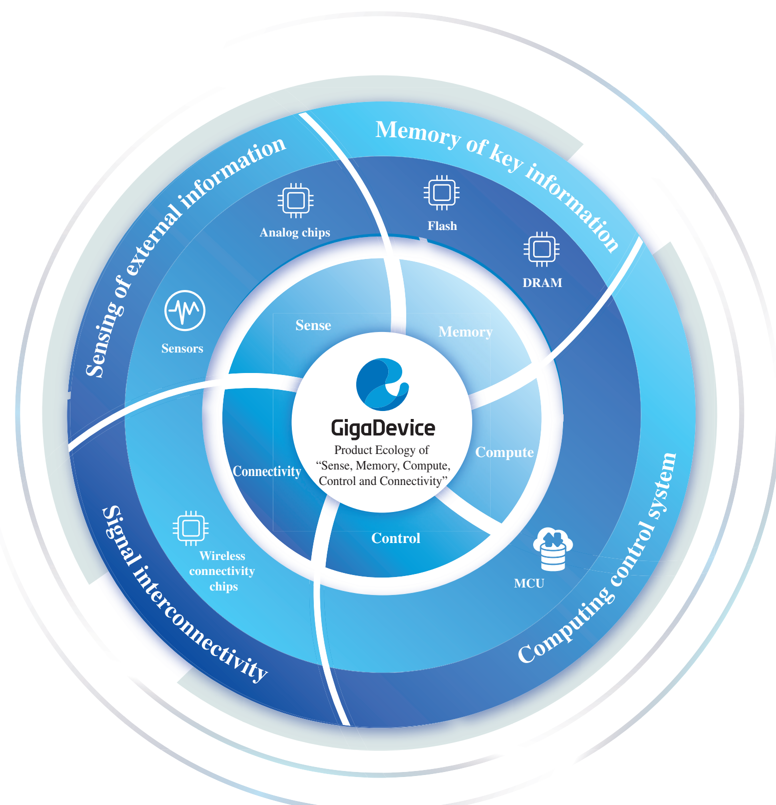
- ***MCU***. We ranked eighth globally and first in Chinese Mainland with a global market share of 1.2%.

- ***Fingerprint sensor chip***. We ranked second in Chinese Mainland with a market share in Chinese Mainland of around 10%.

Company C and Company F, which ranked first in the global SLC NAND Flash market and niche DRAM market in terms of sales in 2024, respectively, achieved a dominant market position with market share of 35.2% and 30.8% in their respective market. See "Industry Overview — Analysis of the Competitive Landscape of the Company's Industries."

OUR BUSINESS

We continue to explore market demands with high quality customers across the globe, complete product definition, and provide the optimal "Sense, Memory, Compute, Control and Connectivity" (感存算控連) synergistic ecological solutions with our diverse product portfolio. Our proprietary chips and innovative solutions are widely applied in various smart devices, exhibiting vast future prospects.



Specialty Memory Chips: Diverse Product Portfolio Covering NOR Flash, NAND Flash and Niche DRAM with Industry Breakthroughs

Specialty memories refers to memory products applied in specific industries with unique operational demands, mainly including niche DRAM, SLC NAND Flash and NOR Flash, which are characterized by (i) serving a broad and diverse range of downstream applications (such as consumer electronics, automobiles, industrial applications (for example, industrial automation, energy storage and battery management), PC and servers, IoT and network communications); and (ii) varying requirements across different downstream sectors and application scenarios in terms of storage capacity, bandwidth, temperature thresholds and voltage. In contrast, commodity memories mainly include 3D NAND Flash, mainstream DRAM, and high bandwidth memory, which are characterized by: (i) larger capacity and higher bandwidth; and (ii) targeting concentrated, high-volume downstream markets such as smartphones, PCs and servers, where individual sectors demand significant production capacity.

Our specialty memory chips include three product lines: NOR Flash, NAND Flash and niche DRAM. NOR Flash allows random access to data, enabling fast and reliable code execution directly from the memory, making it widely used in embedded systems that require frequent and fast access to executable code. NAND Flash offers large storage capacity, fast erase/write speeds and long lifespan, making it suitable for a wide range of large-capacity storage applications. Niche DRAM is designed for applications with specific requirements for performance, reliability or operating environments, as opposed to mass-produced mainstream DRAM. Those form a broad matrix of advanced products that can meet customers' demands for capacity, voltage and packaging for different applications. We have achieved wide coverage in consumer electronics, industrial applications (such as industrial automation, energy storage and battery management), communications, automotive electronics and other fields. See "Business – Our Business – Specialty Memory Chips: Diverse Product Portfolio Covering Nor Flash, NAND Flash and Niche DRAM with Industry Breakthroughs."

MCU: Building a Comprehensive Portfolio of MCU with Wide Selection of Over 700 Products

We focus on 32-bit MCU based on ARM® and RISC-V structures. We provide MCU featuring high performance, low power consumption and a high cost-to-performance ratio. Our MCU support a wide range of applications, including industrial applications (such as industrial automation, energy storage and battery management), consumer electronics and handheld devices, automotive electronics (such as car navigation, telematics box ("**T-BOX**"), instrument and infotainment systems) and computing. Based on the existing 63 series and more than 700 products, we endeavor to further improve R&D and engineering efficiency and continue to broaden our product lines. See "Business – Our Business – MCU: Building a Comprehensive Portfolio of MCU with Wide Selection of over 700 Products."

Analog and Sensor Chips: Organic Growth Combined with Strategic Acquisition

We primarily offer analog chips for general power supplies (such as direct current to direct current ("**DC-DC**") and low-dropout regulator ("**LDO**")), special power supplies (such as headphone charging box power supplies and sweeping robot power supplies), motor drive products and temperature and humidity sensors. In 2024, we acquired XySemi, a leading company in the lithium battery protection sector, to create strategic synergies with our own analog chips business in terms of technology, products, marketing, sales and supply chain. Our sensor chip offering mainly includes fingerprint recognition chips and touch sensor chips. We aim to continue to promote product optimization and upgrading and further expand our product portfolio in PC, wearable, mobile health, IoT and other fields.

OUR MARKET OPPORTUNITIES AND COMPETITION

Edge AI is growing rapidly. According to Frost & Sullivan, 2025 marks the start of a major boom in edge computing power. Edge AI expands how AI can be applied by turning traditional devices into smart systems capable of making their own decisions. This shift is creating new opportunities for companies across these sectors. As our products play an important role for enabling real-time, low-power and reliable AI interference at the edge, the rapid growth trend of AI is driving the demand for our products. With our diversified product portfolio and "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions, we are able to rapidly respond to customers' evolving needs. This enables us to capture the growth potential brought by the AI growth. See "Business – Overview – Our Market Opportunities."

However, we operate in a highly competitive market. In term of the sales in 2024, the top three players in NOR Flash, SLC NAND Flash and niche DRAM markets accounted for 63.2%, 69.4% and 69.1% of their respective total market shares. In particular, Company C and Company F, which ranked first in the global SLC NAND Flash market and niche DRAM market in terms of sales in 2024, respectively, achieved a dominant market position with market share of 35.2% and 30.8% in their respective market. Our ability to maintain and grow our market share depends on us competing effectively against our competitors. The competitive landscape is shaped by multiple factors, including the growth of our customers and their respective industries, advancements in technology, emergence of new materials or technology, production capacity, regulatory changes and general economic conditions. See "Industry Overview."

RESEARCH AND DEVELOPMENT

R&D are critical to maintaining our market position and to the sustained growth of our business by ensuring that we can continue to meet the evolving downstream needs of our products. We have adopted the integrated product development ("**IPD**") framework that integrates our product business lines into a unified R&D process, guided by the key principles of market-driven development, quality-first, cross-department collaboration and continuous improvement. We are devoted to in-house R&D of core IPs for our products, while also sourcing mature licensed IPs externally to supplement our techniques and improve the overall performance of our products. See "Business – Research and Development."

SALES AND MARKETING

We sell our products mainly through distributors, while we also make direct sales to certain customers at their requests. We believe that consistently delivering high-quality products on time that meet and exceed our users' expectations is the most efficient sales and marketing approach for us. As such, our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our direct and indirect customers. Under our IPD framework, our sales teams are actively involved in our product R&D process to ensure that we can deliver satisfactory products to our direct and indirect customers. See "Business – Sales and Marketing."

CUSTOMERS AND SUPPLIERS

Our Customers

Our customers are distributors and direct sales customers which mainly include manufacturers and sellers of electronic components.

Sales to our five largest customers of each year/period of the Track Record Period amounted to RMB2,380.6 million, RMB1,766.5 million, RMB2,444.6 million and RMB1,218.5 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 29.3%, 30.6%, 33.3% and 29.4% of our total sales in the respective years/period. Sales to our largest customer of each year/period of the Track Record Period amounted to RMB575.7 million, RMB410.5 million, RMB558.3 million and RMB321.9 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 7.1%, 7.1%, 7.6% and 7.8% of our total sales in the respective years/period. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers of any year/period of the Track Record Period that are required to be disclosed under the Listing Rules.

Our Suppliers

Our suppliers are mainly our foundry partners for IC fabrication and OSAT partners for IC testing and packaging.

Purchases from our five largest suppliers of each year/period of the Track Record Period amounted to RMB4,090.6 million, RMB3,081.9 million, RMB3,696.9 million and RMB2,007.8 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 73.4%, 71.0%, 70.2% and 68.9% of our total purchases in the respective years/period. Purchases from our largest supplier of each year/period of the Track Record Period amounted to RMB1,369.8 million, RMB1,320.9 million, RMB1,356.2 million and RMB765.8 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 24.6%, 30.4%, 25.8% and 26.3% of our total purchases in the respective years/period. Except for Suppliers C and F, as disclosed in "Business – Production, Procurement, Inventory and Logistics – Our Suppliers – Top Five Suppliers," during the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers of any year/period of the Track Record Period that are required to be disclosed under the Listing Rules.

OUR STRENGTHS

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

- Our diverse range of chip design and strong R&D capabilities;
- A stable and thriving global partnership ecosystem and an increasingly deepened global presence;
- Exceptional supply chain and service capabilities, enabling efficient and high-quality delivery; and
- Forward-looking management team and an engineer culture surrounding continuous innovation

OUR STRATEGIES

We will implement the following strategies:

- Fully embrace AI to seize the unprecedented opportunities in industry development;
- Diversification strategy and multi-track growth underpinning stable and sustainable operations;
- Advancing technological innovation, broadening product portfolio and expanding into emerging fields;
- Pursuing external growth through strategic and industry-related partnerships, investments and acquisitions;
- Accelerate our globalization to build a world-class technology brand; and
- Further our global top talent strategy to energize organizational vitality.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Results of Operations

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Revenue	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**
Cost of sales	(4,432,776)	(54.5)%	(4,014,515)	(69.7)%	(4,732,760)	(64.3)%	(2,308,838)	(64.0)%	(2,617,583)	(63.1)%
Gross profit	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**
Other income	519,300	6.4%	424,401	7.4%	549,914	7.5%	240,110	6.7%	199,744	4.8%
Selling and distribution expenses	(265,878)	(3.3)%	(270,498)	(4.7)%	(370,907)	(5.0)%	(170,496)	(4.7)%	(224,353)	(5.4)%
Administrative expenses	(498,549)	(6.1)%	(397,553)	(6.9)%	(525,678)	(7.1)%	(239,438)	(6.6)%	(313,747)	(7.6)%
Research and development expenses	(935,584)	(11.5)%	(989,953)	(17.2)%	(1,122,389)	(15.3)%	(588,268)	(16.3)%	(567,680)	(13.7)%
Impairment loss on trade and other receivables	(743)	(0.0)%	(820)	(0.0)%	(3,667)	(0.0)%	(2,133)	(0.1)%	(465)	(0.0)%
Impairment loss on property, plant and equipment	–	–	–	–	–	–	–	–	(3,810)	(0.1)%
Impairment loss on intangible assets	–	–	(2,630)	(0.0)%	–	–	–	–	(1,903)	(0.0)%
Impairment loss on goodwill	(241,491)	(3.0)%	(373,372)	(6.5)%	–	–	–	–	–	–
Profit from operations	**2,274,271**	**28.0%**	**135,883**	**2.4%**	**1,150,491**	**15.6%**	**539,974**	**15.0%**	**620,512**	**15.0%**
Finance costs	(7,889)	(0.1)%	(7,115)	(0.1)%	(19,253)	(0.3)%	(9,313)	(0.3)%	(14,087)	(0.3)%
Share of profits less losses of associates	(3,957)	(0.0)%	(4,020)	(0.1)%	(7,575)	(0.1)%	(2,784)	(0.1)%	(10,346)	(0.2)%
Profit before taxation	**2,262,425**	**27.8%**	**124,748**	**2.2%**	**1,123,663**	**15.3%**	**527,877**	**14.6%**	**596,079**	**14.4%**
Income tax	(209,543)	(2.6)%	36,393	0.6%	(22,782)	(0.3)%	(10,877)	(0.3)%	(8,244)	(0.2)%
Profit for the year/period	**2,052,882**	**25.3%**	**161,141**	**2.8%**	**1,100,881**	**15.0%**	**517,000**	**14.3%**	**587,835**	**14.2%**

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Attributable to:										
Equity shareholders of the Company	2,052,882	25.3%	161,141	2.8%	1,102,543	15.0%	517,000	14.3%	575,476	13.9%
Non-controlling interests	–	–	–	–	(1,662)	(0.0)%	–	–	12,359	0.3%

Non-IFRS Measures

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use non-IFRS measures, including adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS Accounting Standards. We define adjusted net profit (a non-IFRS measure) as profit for the year/period adjusted for share-based payments (a non-cash item) and listing expenses. We define adjusted net profit margin (a non-IFRS measure) as adjusted net profit (a non-IFRS measure) as a percentage of our total revenue.

	Year Ended December 31,			Six Months Ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands, except for percentages)				
				(Unaudited)	
Profit for the year/period	2,052,882	161,141	1,100,881	517,000	587,835
Adjusted for:					
Share-based payment expenses	203,181	97,138	159,034	64,754	84,060
Listing expenses	–	–	–	–	563
Adjusted net profit (a non-IFRS measure)	**2,256,063**	**258,279**	**1,259,915**	**581,754**	**672,458**
Adjusted net profit margin (a non-IFRS measure)	*27.7%*	*4.5%*	*17.1%*	*16.1%*	*16.2%*

Revenue

During the Track Record Period, we primarily generated revenue from the sales of specialty memory chips, MCU, analog chips and sensor chips. Our revenue was recorded net of rebate.

By Product

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Specialty memory chips	4,825,856	59.3%	4,077,311	70.8%	5,194,173	70.6%	2,604,520	72.2%	2,844,934	68.5%
NOR Flash	3,539,704	43.5%	2,995,404	52.0%	3,754,233	51.0%	1,833,014	50.8%	2,034,156	48.9%
DRAM[1]	998,790	12.3%	809,973	14.1%	1,073,145	14.6%	559,532	15.5%	637,197	15.4%
NAND Flash	287,362	3.5%	271,934	4.7%	366,795	5.0%	211,974	5.9%	173,581	4.2%
MCU	2,825,357	34.8%	1,312,209	22.8%	1,690,547	23.0%	802,115	22.2%	959,106	23.1%
Sensor chips	434,974	5.4%	352,449	6.1%	448,300	6.1%	192,173	5.3%	193,193	4.7%
Analog chips	3,851	0.0%	4,604	0.1%	15,468	0.2%	3,098	0.1%	152,276	3.7%
Others[2]	39,954	0.5%	14,250	0.2%	7,490	0.1%	7,131	0.2%	800	0.0%
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

Notes:

(1) Including the revenue from sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

(2) Mainly including technical services and license fees for our IPs.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*
							(Unaudited)			
Specialty memory chips	2,259,645	2.14	2,655,166	1.54	3,553,167	1.46	1,782,319	1.46	2,147,891	1.32
NOR Flash	2,180,800	1.62	2,532,962	1.18	3,335,830	1.13	1,660,268	1.10	2,034,441	1.00
DRAM[2]	44,987	22.20	66,527	12.18	133,453	8.04	69,429	8.06	73,210	8.70
NAND Flash	33,858	8.49	55,677	4.88	83,884	4.37	52,622	4.03	40,240	4.31
MCU	343,535	8.22	276,089	4.75	409,251	4.13	190,535	4.21	242,546	3.95
Sensor chips	157,130	2.77	178,811	1.97	267,983	1.67	107,633	1.79	119,979	1.61
Analog chips	2,796	1.38	11,625	0.40	131,183	0.12	34,784	0.09	958,420	0.16

Notes:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year/period, which represented the average price at which our products were sold to our customers.

(2) Including the sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

Gross Profit and Gross Profit Margin

By Product

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Specialty memory chips	1,934,749	40.1%	1,344,959	33.0%	2,091,500	40.3%	1,022,009	39.2%	1,095,377	38.5%
MCU	1,833,903	64.9%	569,404	43.4%	621,085	36.7%	309,217	38.6%	357,879	37.3%
Sensor chips	71,168	16.4%	56,382	16.0%	73,797	16.5%	38,340	20.0%	30,941	16.0%
Analog chips	959	24.9%	(1,923)	(41.8%)	1,628	10.5%	465	15.0%	59,361	39.0%
Others	33,857	84.7%	14,193	99.6%	7,343	98.0%	7,035	98.7%	775	96.9%
Subtotal/Overall	3,874,636	47.7%	1,983,015	34.4%	2,795,353	38.0%	1,377,066	38.2%	1,544,333	37.2%
Write-down of inventories	(177,420)	N/A	(236,707)	N/A	(172,135)	N/A	(76,867)	N/A	(11,607)	N/A
Total/Overall	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**

The business and financial performance of participants in IC markets are closely tied to the cyclical nature of the semiconductor industry. See "Industry Overview – Industry Cycle" and "Financial Information – Principal Components of Results of Operations – Revenue." As affected by such industry cycle, the average selling prices of our products declined notably from 2022 to 2023. As a result, our revenue decreased from RMB8,130.0 million in 2022 to RMB5,760.8 million in 2023. Entering into 2024, as the industry began to show signs of an uneven recovery cross certain end market, the downward trend of the market price of IC products was at a slower rate, together with an increase in the sales volume of our products primarily attributable to our efforts in expanding the markets, our revenue increased from RMB5,760.8 million in 2023 to RMB7,356.0 million in 2024. Our revenue increased from RMB3,609.0 million in the six months ended June 30, 2024 to RMB4,150.3 million in the six months ended June 30, 2025, primarily due to the further recovery of the markets and an increase in our sales of analog chips as a result of our acquisition of XySemi by the end of 2024.

Moreover, the sustained increase in selling prices of IC products during 2021 and 2022 caused by supply shortage then also led to a corresponding rise in cost of wafer, packaging and testing. However, there is typically a time lag before changes in those costs are fully reflected in cost of sales, due to factors such as existing inventory, long-term supply agreements, and production lead times. As such, coupled with the impact of decrease in revenue, our gross profit decreased by 52.8% from RMB3,697.2 million in 2022 to RMB1,746.3 million in 2023, and our gross profit margin decreased from 45.5% in 2022 to 30.3% in 2023.

Our gross profit increased by 50.2% from RMB1,746.3 million in 2023 to RMB2,623.2 million in 2024, primarily due to a 27.7% increase in our total revenue and an increase in gross profit margin from 30.3% in 2023 to 35.7% in 2024. Our gross profit further increased from RMB1,300.2 million in the six months ended June 30, 2024 to RMB1,532.7 million in the six months ended June 30, 2025, primarily due to a 15.0% increase in our total revenue and an increase in gross profit margin from 36.0% in the six months ended June 30, 2024 to 36.9% in the six months ended June 30, 2025.

Our net profits decreased from RMB2,052.9 million in 2022 to RMB161.1 million in 2023, primarily due to (i) the decrease in gross profits as mentioned above, and (ii) the increased selling and distribution expenses and research and development expenses in both absolute amount and as a percentage of our total revenue, primarily attributable to our continuous sales and marketing efforts and enhanced R&D activities. Our net profits increased from RMB161.1 million in 2023 to RMB1,100.9 million in 2024, which further increased from RMB517.0 million in the six months ended June 30, 2024 to RMB587.8 million in the six months ended June 30, 2025, primarily due to the increase in gross profit as mentioned above.

See “Financial Information – Period-to-period Comparison of Results of Operations.”

Summary of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Non-current assets	5,232,044	4,852,823	6,794,033	6,938,297
Current assets	11,414,643	11,602,957	12,434,797	12,861,770
Current liabilities	1,196,664	986,175	2,330,507	2,155,630
Net current assets	10,217,979	10,616,782	10,104,290	10,706,140
Total assets less current liabilities	15,450,023	15,469,605	16,898,323	17,644,437
Non-current liabilities	262,883	270,032	219,546	209,191
Net assets	15,187,140	15,199,573	16,678,777	17,435,246
Total equity	15,187,140	15,199,573	16,678,777	17,435,246
Total equity attributable to shareholders of the Company	15,187,140	15,199,573	16,498,505	17,239,898
Non-controlling interests	–	–	180,272	195,348

Our net assets remained relatively stable at RMB15,187.1 million and RMB15,199.6 million as of December 31, 2022 and 2023. Our net assets increased from RMB15,199.6 million as of December 31, 2023 to RMB16,498.5 million as of December 31, 2024, primarily due to the total comprehensive income in 2024 of RMB1,312.2 million. Our net assets increased from RMB16,498.5 million as of December 31, 2024 to RMB17,239.9 million as of June 30, 2025, primarily due to the comprehensive income in the six months ended June 30, 2025 of RMB727.9 million.

See "Financial Information – Selected Items of Consolidated Statements of Financial Position" and "Consolidated Statements of Changes in Equity" in the Accountants' Report in Appendix I to this prospectus.

Cash Flows

The table below sets forth our cash flows for the years/period indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			
Operating profit before working capital changes	2,936,269	965,034	1,658,569	952,540
Changes in working capital	(1,617,074)	229,792	368,892	59,469
Income tax (paid)/refunded	(369,504)	(8,077)	4,769	(54,188)
Net cash generated from operating activities	949,691	1,186,749	2,032,230	957,821
Net cash used in investing activities	(43,724)	(294,903)	(669,335)	(1,762,846)
Net cash (used in)/generated from financing activities	(780,313)	(572,601)	480,384	(453,838)
Net increase/(decrease) in cash and cash equivalents	**125,654**	**319,245**	**1,843,279**	**(1,258,863)**
Cash and cash equivalents at the beginning of the year/period	6,546,991	6,787,205	7,130,888	9,104,159
Effects of foreign exchange rate changes	114,560	24,438	129,992	(15,619)
Cash and cash equivalents at the end of the year/period	**6,787,205**	**7,130,888**	**9,104,159**	**7,829,677**

See "Financial Information – Cash Flow."

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Six Months Ended/ As of June 30,
	2022	2023	2024	2025
Gross profit margin[1]	45.5%	30.3%	35.7%	36.9%
Profit margin[2]	25.3%	2.8%	15.0%	14.2%
Adjust net profit margin (a non-IFRS measure)	27.7%	4.5%	17.1%	16.2%
Current ratio[3]	9.5	11.8	5.3	6.0
Quick ratio[4]	7.7	9.7	4.3	4.9

Notes:

(1) Gross profit margin is calculated as revenue minus cost of sales divided by revenue, then multiplied by 100%.

(2) Profit margin is calculated as net profit divided by revenue, then multiplied by 100%.

(3) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective years/period.

(4) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective years/period.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately HK$70.0 million (including underwriting commission) accounting for 1.65% of the gross proceeds of the Global Offering (assuming that an Offer Price of HK$147.00 per Share (being the mid-point of the Offer Price range stated in this prospectus), and no exercise of the Offer Size Adjustment Option and Over-allotment Option). Among our listing expenses, approximately HK$64.5 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately HK$5.5 million has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The listing expenses we expect to incur would consist of approximately HK$35.7 million underwriting related expenses and fees (including underwriting commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$26.4 million non-underwriting-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountants and approximately HK$7.9 million for other non-underwriting-related fees and expenses. During the Track Record Period, we incurred RMB15.7 million of listing expenses, among which, RMB15.1 million is directly attributable to the issue of shares and will be deducted from equity upon completion of the Listing and RMB0.6 million was charged to our consolidated statements of profit or loss and other comprehensive income.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RISK FACTORS

We face risks including those set out in the section headed "Risk Factors." As different investors may have different interpretations and criteria when determining the significance of risks, you should read the "Risk Factors" section in its entirety before you decide to invest in our H Shares. Some of the major risks that we face include:

- If we fail to properly anticipate or respond to changing market conditions, or develop and introduce new or enhanced products on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed;
- Our performance is subject to fluctuations in demand from downstream industries that adopt our products and the prices of the end products;
- The markets in which we compete have historically experienced downturns with declines in average selling prices;
- Our R&D efforts are not guaranteed to yield the results we anticipate;
- We rely on third parties for IC fabrication, testing and packaging;

FUTURE PLANS AND USE OF PROCEEDS

Assuming an Offer Price of HK$147.00 per H Share (being the midpoint of the range of the Offer Price stated in this prospectus), we estimate that we will receive net proceeds of approximately HK$4,180.7 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). We intend to use our proceeds for the purposes and in the amounts set forth below.

- approximately 40.0%, or HK$1,672.3 million, will be used for continuous enhancement of our R&D capabilities;
- approximately 35.0%, or HK$1,463.2 million, will be used for the strategic and industry-related investment and acquisition;
- approximately 9.0%, or HK$376.3 million, will be used for our global strategic expansion and strengthening our global presence, including the enhancement of our global marketing and service network;

- approximately 6.0%, or HK$250.8 million, will be used for the improvement of operational efficiency; and
- approximately 10.0%, or HK$418.1 million, will be used for working capital and other general corporate purposes.

See "Future Plans and Use of Proceeds."

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 28,915,800 H Shares are newly issued in the Global Offering, (ii) the Offer Size Adjustment Option and the Over-allotment Option for the Global Offering are not exercised, and (iii) no additional Shares are issued pursuant to the Share Incentive Plans:

	Based on an Offer Price of HK$132.00 per H Share	**Based on an Offer Price of HK$162.00 per H Share**
Market value of our H Shares(1)	HK$3,816.9 million	HK$4,684.4 million
Market value of our A shares(2)	HK$151,380.5 million	HK$151,380.5 million
Total market capitalization(3)	HK$155,197.4 million	HK$156,064.9 million
Unaudited pro forma adjusted net tangible assets per Share(4)(5)	HK$30.89 (RMB28.02)	HK$32.14 (RMB29.15)

Notes:

(1) The calculation of market value of our H shares is based on 28,915,800 H Shares expected to be issued immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

(2) The calculation of market value of our A shares is based on the average closing price of the A Shares of RMB205.77 per A Share for the five business days immediately preceding the Latest Practicable Date and the total share capital of 667,849,351 A Shares as of the Latest Practicable Date and excluding 603,020 A Shares held by us as treasury shares as of the Latest Practicable Date. For illustrative purpose, the market value of our A shares have been converted into HK$ with an exchange rate of RMB1 to HK$1.10255.

(3) The total market capitalization of the Company is based on 28,915,800 H Shares expected to be issued immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) and the total share capital of 667,849,351 A Shares as of the Latest Practicable Date and excluding 603,020 A Shares held by us as treasury shares as of the Latest Practicable Date (representing an aggregate of 696,162,131 Shares).

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in "Appendix II – Unaudited Pro Forma Financial Information" in this prospectus and on the basis that 692,028,799 Shares (being 664,059,190 Shares in issue as of June 30, 2025, deducting repurchased ordinary shares held by us and unvested restricted shares under the 2021 Restricted Share Incentive Plan as at June 30, 2025 of 946,191 Shares and adding 28,915,800 H Shares to be issued pursuant to the Global Offering) were in issue immediately following the completion of the Global Offering, and does not take into account any H shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Shares that may be issued under the Share Incentive Plans.

The difference in number of Shares used to calculate the total capitalization and the unaudited pro forma adjusted net tangible assets per Share is due to 343,171 unvested restricted shares under the 2021 Restricted Share Incentive Plan as of June 30, 2025, and 3,819,375 ordinary shares issued and 29,214 restricted shares cancelled subsequent to June 30, 2025.

(5) No adjustment has been made to reflect any trading results or other transactions of us entered into subsequent to June 30, 2025.

DIVIDEND POLICY

Our declaration and payment of dividends are subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies – Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號–上市公司現金分紅(2025年修訂)》) and the Articles of Association.

We have established our dividend policy as prescribed in the Articles of Association. Under the condition that the Company's normal production and operational funding needs are met, if there have been no significant adverse changes in the company's external business environment or operating conditions, and the distributable profit for the year is positive, we shall distribute no less than 20% of the distributable profits realized in a given year in the form of cash dividends each year. Moreover, over any consecutive three-year period, the total cash dividends distributed shall be no less than 60% of the average annual distributable profits realized during those three years. Save as prescribed in the Articles of Association, we do not set other payout ratio target. See "Financial Information — Dividend Policy."

During the Track Record Period, we have declared dividends. In 2022, 2023 and 2024 and the six months ended June 30, 2025, we declared and approved the final dividends of RMB707.5 million, RMB413.6 million, nil and RMB225.6 million, respectively. See note 31 to "Appendix I – Accountants' Report."

ACTING-IN-CONCERT UNDERTAKING

InfoGrid Limited was established by independent investors including current and former employees of the Group and other investors. In order to enhance the actual control of Mr. Zhu Yiming in the Company to maintain the ownership stability of the Company, in 2013, InfoGrid Limited issued the Acting-in-Concert Undertaking, as supplemented and confirmed in 2017 and 2019, respectively. See "History and Corporate Structure – Acting-in-Concert Undertaking" for details.

LISTING ON THE SHANGHAI STOCK EXCHANGE

Since August 2016, the A Shares of the Company have been listed on the Shanghai Stock Exchange. The Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Company has complied with all laws and regulations, in all material respects, applicable to its A-share Listing. To the best knowledge of the Directors, there are no material matters in relation to the compliance record of the Company on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or potential investors of the Global Offering. As advised by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Company has not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, the Shanghai Stock Exchange or other PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors and the PRC Legal Advisor's view above, no material matter has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

THE IMPACT OF COVID-19 PANDEMIC

During the outbreak of COVID-19 pandemic, we implemented various preventive measures, such as enhanced personnel access control and disinfection of the public area. Although we experienced office closures and some employees worked from home due to the COVID-19 pandemic, these measures did not have any material adverse impact on our normal business operations. Moreover, we dynamically adjusted our inventory depending on the market condition. As such, we did not experience material disruption of supplies caused by the COVID-19 pandemic. Moreover, as an IC design house, our business and financial results are closely linked to the cyclical nature of the semiconductor industry, which is influenced by factors such as macroeconomic trends, capital expenditures, technology shifts, inventory adjustments, and changes in market demand and supply. During 2021 and 2022, the industry experienced a global shortage due to, among others, pandemic-related supply disruptions and unexpected demand surges in consumer electronics, leading to higher selling prices for IC products. However, as COVID-19 restrictions were lifted and market demand normalized, the industry entered a downturn in 2023, and the prices of IC products experienced notable decrease. As a result, our selling prices and net profit declined during this period.

Overall, while the COVID-19 pandemic caused supply chain disruption and presented challenges globally, it did not cause material disruption of our supply chain nor have material adverse impact directly on our operation. Save the impact reflected in the industry cycle as mentioned above, our Directors believe that the COVID-19 pandemic did not have material adverse impact on our business, results of operations and financial condition.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

In the four months ended October 31, 2025, we continued to expand our business against the backdrop of uneven recovery of the markets. As of the Latest Practicable Date, we had 268 distributors as compared to that of 254 as of June 30, 2025.

Our average selling prices of specialty memory chips decreased from RMB1.45 per unit in the ten months ended October 31, 2024 to RMB1.41 per unit in the ten months ended October 31, 2025, MCU decreased from RMB4.19 per unit in the ten months ended October 31, 2024 to RMB3.85 per unit in the ten months ended October 31, 2025, because we took a more competitive pricing strategy for those products throughout the ten months ended October 31, 2025 to further expand our market shares. During the same periods, our average selling prices of sensor chips decreased from RMB1.69 per unit to 1.58 per unit, while our analog chips increased from RMB0.10 per unit to RMB0.16 per unit. Entering November 2025, the prices and sales volume of our products remained relatively stable as compared to those in October 2025.

After the Track Record Period and up to the Latest Practicable Date, the Company subscribed for 947,357 A shares of Maxone Semiconductor (Suzhou) Co., Ltd. (強一半導體(蘇州)股份有限公司, 688809.SH, "**Maxone**") in its initial public offering and listing on the STAR Market of the Shanghai Stock Exchange at a consideration of approximately RMB81 million, representing approximately 0.73% of the enlarged share capital of Maxone (the "**Maxone Investment**"). The fluctuation of the fair value of the Maxone Investment may affect our results of operations and financial condition. See "Waiver and Exemption — Waiver in Respect of Investments After the Track Record Period."

Our Shareholders approved the final dividend for the year ended December 31, 2024 of RMB0.34 per Share totalled approximately RMB225,575,000 on May 16, 2025, which was subsequently paid on July 3, 2025.

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

We are a public company listed on the Shanghai Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as of and for the nine months ended September 30, 2025 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS 34, *Interim Financial Reporting* as of and for the nine months ended September 30, 2025 in Appendix IA to this Prospectus. Our unaudited interim condensed consolidated financial information as of and for the nine months ended September 30, 2025 has been reviewed by our reporting accountant in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

We recorded revenue of RMB6,831.6 million in the nine months ended September 30, 2025, representing an increase of 20.9% as compared to that of RMB5,649.6 million in the nine months ended September 30, 2024. Our profit for the period increased by 32.7% from RMB832.1 million in the nine months ended September 30, 2024 to RMB1,104.4 million in the nine months ended September 30, 2025.

See "Financial Information — Recent Development and No Material Adverse Change — Unaudited Financial Information for the Nine Months Ended September 30, 2025".

No Material Adverse Change

Our Directors confirmed that, as of the date of this prospectus, there has been no material adverse change in our financial position since June 30, 2025, and there has been no event since June 30, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

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

"**2020 Stock Option Incentive Plan**"	the stock option incentive plan under the 2020 Stock Option and Restrict Share Incentive Plan of the Company approved by the Shareholders' meeting on January 14, 2021
"**2021 Restricted Share Incentive Plan**"	the restricted Share incentive plan under the 2021 Stock Option and Restrict Share Incentive Plan of the Company approved by the Shareholders' meeting on July 26, 2021
"**2021 Stock Option Incentive Plan**"	the stock option incentive plan under the 2021 Stock Option and Restrict Share Incentive Plan of the Company approved by the Shareholders' meeting on July 26, 2021
"**2023 Stock Option Incentive Plan**"	the 2023 Stock Option Incentive Plan of the Company approved by the Shareholders' meeting on July 20, 2023
"**2024 Stock Option Incentive Plan**"	the 2024 Stock Option Incentive Plan of the Company approved by the Shareholders' meeting on May 14, 2024
"**A Share(s)**"	ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in Renminbi
"**Accountants' Report**"	the accountants' report of the Company, the text of which is set out in Appendix I to this prospectus
"**Acting-in-Concert Undertaking**"	the undertaking to keep acting-in-concert with Mr. Zhu Yiming issued by InfoGrid Limited (香港赢富得有限公司), details of which are set out in "History and Corporate Structure — Acting-in-Concert Undertaking" in this prospectus
"**affiliate(s)**"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"**AFRC**"	Accounting and Financial Reporting Council

"**Articles**" or "**Articles of Association**"	the articles of association of the Company with effect upon the Listing Date (as amended from time to time), a summary of which is set out in Appendix III to this prospectus
"**associate(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Audit Committee**"	the audit committee of the Board
"**Board**" or "**Board of Directors**"	the board of Directors of the Company
"**Business Day**"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**CAC**"	Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室)
"**Capital Market Intermediary(ies)**" or "**CMI(s)**"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**China**", "**Chinese Mainland**" or "**the PRC**"	the People's Republic of China, unless the context requires otherwise, excluding, for the purposes of this prospectus only, the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"**close associate(s)**"	has the meaning ascribed thereto under the Listing Rules
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**" 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**"	GigaDevice Semiconductor Inc. (兆易創新科技集團股份有限公司), a limited liability company established in the PRC on April 6, 2005 which was converted into a joint stock company with limited liability on December 28, 2012, formerly known as Beijing GigaDevice Microelectronic Technology Co., Ltd. (北京芯技佳易微電子科技有限公司), GigaDevice Semiconductor (Beijing) Co., Ltd. (北京兆易創新科技有限公司) and GigaDevice Semiconductor (Beijing) Inc. (北京兆易創新科技股份有限公司)
"**Compliance Advisor**"	Altus Capital Limited
"**connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**connected transaction(s)**"	has the meaning ascribed thereto under the Listing Rules
"**core connected person(s)**"	has the meaning ascribed thereto under the Listing Rules
"**CreMemory Technology**"	CreMemory Technology Co., Ltd. (北京青耘科技有限公司), a limited liability company established in the PRC on July 31, 2024 and a non-wholly-owned subsidiary of the Company
"**CSRC**"	China Securities Regulatory Commission (中國證券監督管理委員會)
"**CXMT**"	CXMT Corporation (長鑫科技集團股份有限公司), a limited liability company established in the PRC on June 13, 2016 which was converted into a joint stock company with limited liability on June 27, 2023, formerly known as Hefei Zhiju Integrated Circuit Co., Ltd. (合肥智聚集成電路有限公司) and Ruili Integrated Circuit Co., Ltd. (睿力集成電路有限公司)
"**CXMT Memory**"	CXMT Memory Technologies, Inc. (長鑫存儲技術有限公司), a limited liability company established in the PRC on November 16, 2017 and a wholly-owned subsidiary of CXMT
"**Director(s)**"	the director(s) of the Company

"**DLA Piper**"	DLA Piper Singapore Pte. Ltd., the legal advisor of the Company to international export control, sanctions and tariff laws
"**EIT**"	enterprise income tax
"**EIT Law**"	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》)
"**ESG**"	environmental, social and governance
"**Exchange Participant**"	a person (a) who, in accordance with the Listing Rules, may trade on or through the Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Stock Exchange as a person who may trade on or through the Stock Exchange
"**Extreme Conditions**"	extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affect the working public's ability to resume work or brings safety concern for a prolonged period
"**FINI**"	"Fast Interface for New Issuance," the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for the Listing
"**Frost & Sullivan**"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company
"**General Rules of HKSCC**"	General Rules of HKSCC published by the Stock Exchange and as amended from time to time
"**GigaDevice Hefei**"	GigaDevice Semiconductor (Hefei) Inc. (合肥格易集成電路有限公司), a limited liability company established in the PRC on March 13, 2014 and a wholly-owned subsidiary of the Company
"**GigaDevice Shanghai**"	GigaDevice Semiconductor (Shanghai) Inc. (上海格易電子有限公司), a limited liability company established in the PRC on February 16, 2012 and a wholly-owned subsidiary of the Company

"**GigaDevice Xi'an**"	GigaDevice Semiconductor (Xi'an) Inc. (西安格易安創集成電路有限公司), a limited liability company established in the PRC on November 24, 2017 and a wholly-owned subsidiary of the Company
"**Global Offering**"	the Hong Kong Public Offering and the International Offering
"**Group**," "**we**," "**our**" or "**us**"	the Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by the Company and/or its subsidiaries and their predecessors (if any)
"**Guide**" or "**Guide for New Listing Applicants**"	the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024, as amended, supplemented or otherwise modified from time to time
"**H Share(s)**"	listed ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Stock Exchange
"**H Share Registrar**"	Tricor Investor Services Limited
"**Hefei Guojing**"	Hefei Guojing Venture Capital Partnership (Limited Partnership) (合肥國晶創業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 26, 2024 and a shareholder of XySemi
"**Hefei Guozheng**"	Hefei Guozheng Duoze Industry Investment Partnership (Limited Partnership) (合肥國正多澤產業投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on November 11, 2022 and a shareholder of XySemi
"**Hefei SCVC**"	Hefei State-owned Capital Venture Capital Co., Ltd. (合肥國有資本創業投資有限公司), a limited liability company established in the PRC on June 4, 2024
"**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**
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC EIPO**"	the application for Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for Hong Kong Offer Shares on your behalf
"**HKSCC Operational Procedures**"	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operation and functions of the CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"**HKSCC Participant**"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**Hong Kong**" or "**HK**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"**Hong Kong Offer Shares**"	2,891,600 H Shares (subject to reallocation as described in the section headed "Structure of the Global Offering") initially offered by the Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering

"**Hong Kong Public Offering**"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), on and subject to the terms and conditions described in "Structure of the Global Offering — The Hong Kong Public Offering"
"**Hong Kong Stock Exchange**" or "**Stock Exchange**"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**Hong Kong Underwriters**"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters"
"**Hong Kong Underwriting Agreement**"	the underwriting agreement dated December 30, 2025 relating to the Hong Kong Public Offering entered into by, among others, the Company, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"
"**IFRS Accounting Standards**"	IFRS Accounting Standards as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules
"**International Offer Shares**"	the 26,024,200 H Shares offered by the Company pursuant to the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering") together with any additional H Shares which may be allotted and issued by the Company pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option

"**International Offering**"	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Offering"
"**International Underwriters**"	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"**International Underwriting Agreement**"	the underwriting agreement relating to the International Offering expected to be entered into on or about January 9, 2026 by the Company and the International Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — International Offering"
"**Joint Bookrunners**"	the joint bookrunners as named in the section headed "Directors and Parties Involved in the Global Offering"
"**Joint Global Coordinators**"	the joint global coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"**Joint Lead Managers**"	the joint lead managers as named in the section headed "Directors and Parties Involved in the Global Offering"
"**Joint Sponsors**"	the joint sponsors as named in the section headed "Directors and Parties Involved in the Global Offering"
"**Latest Practicable Date**"	December 22, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"**Listing**"	listing of the H Shares on the Main Board of the Stock Exchange

"**Listing Date**"	the date, expected to be on or about Tuesday, January 13, 2026, on which the H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"**Listing Rules**" or "**Hong Kong Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"**Macau**"	the Macau Special Administrative Region of the PRC
"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"**MIIT**"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"**MOF**"	Ministry of Finance of the PRC (中華人民共和國財政部)
"**Nomination Committee**"	the nomination committee of the Board
"**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%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering"
"**Offer Share(s)**"	the Hong Kong Offer Share(s) and the International Offer Share(s), together with any additional H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option

"**Offer Size Adjustment Option**"	the option under the International Underwriting Agreement, exercisable by our Company with prior written agreement between the Company and the Overall Coordinators (for themselves and on behalf of the International Underwriters), pursuant to which the Company may issue and allot up to an aggregate of 2,891,500 additional H Shares (representing approximately 10% of the Offer Shares initially offered under the Global Offering) at the Offer Price to cover excess demand in the International Offering, without being subject to any reallocation mechanism
"**Overall Coordinators**"	the overall coordinators as named in the section headed "Directors and Parties Involved in the Global Offering"
"**Over-allotment Option**"	the option granted by the Company to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require the Company to allot and issue up to an aggregate of 4,337,300 additional H Shares (representing in aggregate approximately 15% of the Offer Shares initially offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to 4,771,000 additional H Shares (representing in aggregate approximately 15% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at the Offer Price, to cover over-allocations in the International Offering, if any, exercisable at any time from the date of the International Underwriting Agreement up to (and including) the date which is the 30th day from the last day for lodging of applications under the Hong Kong Public Offering
"**Overseas Listing Trial Measures**"	The Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) promulgated by the CSRC on February 17, 2023 and became effective on March 31, 2023
"**PRC Company Law**"	the Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time

"**PRC GAAP**"	generally accepted accounting principles of the PRC
"**PRC Legal Advisor**"	King & Wood Mallesons, the PRC legal advisor to the Company
"**PRC Securities Law**"	the Securities Law of the People's Republic of China (《中華人民共和國證券法》), as amended, supplemented or otherwise modified from time to time
"**Price Determination Date**"	the date, expected to be on or before Friday, January 9, 2026 (Hong Kong time) on which the Offer Price is determined, or such later time as the Company and the Overall Coordinators (on behalf of the Underwriters) may agree, but in any event not later than 12:00 noon on Friday, January 9, 2026
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Appraisal Committee**"	the remuneration and appraisal committee of the Board
"**RMB**" or "**Renminbi**"	Renminbi, the lawful currency of the PRC
"**SAFE**"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**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)
"**SCNPC**"	the Standing Committee of the NPC (中華人民共和國全國人民代表大會常務委員會)
"**Securities and Futures Commission**" or "**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Share(s)**"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, including A Shares and H Shares

"**Share Incentive Plans**"	the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restrict Share Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Silead**"	Silead Inc. (上海思立微電子科技有限公司), a limited liability company established in the PRC on January 27, 2011 and a wholly-owned subsidiary of the Company
"**Singapore dollar(s)**" or "**S$**"	Singapore dollar, the lawful currency of the Republic of Singapore
"**STA**"	the State Taxation Administration of the PRC (中華人民共和國國家稅務總局)
"**Stabilizing Manager**"	Huatai Financial Holdings (Hong Kong) Limited
"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Option Incentive Plans**"	the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan
"**Stony Creek Capital**"	Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 3, 2024 and a shareholder of XySemi
"**Stony Creek Capital Undertaking**"	the undertaking to entrust certain shareholder's rights in XySemi to the Company by Stony Creek Capital, details of which are set out in "History and Corporate Structure — Acquisition, Merger and Disposal" in this prospectus
"**Strategy and Sustainable Development Committee**"	the strategy and sustainable development committee of the Board
"**subsidiary(ies)**"	has the meaning ascribed thereto under the Listing Rules
"**substantial shareholder(s)**"	has the meaning ascribed thereto under the Listing Rules

"**Suzhou Freethink**"	Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司), a wholly-owned subsidiary of the Company that was acquired by the Company in 2019
"**Takeovers Code**"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"**Track Record Period**"	the financial years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025
"**treasury shares**"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require
"**United States**" or "**U.S.**"	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"**U.S. dollar(s)**", "**US$**" or "**USD**"	United States dollar, the lawful currency of the United States
"**U.S. Securities Act**"	the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"**VAT**"	value-added tax
"**XC Memory**"	XC Memory Co., Ltd. (珠海橫琴芯存半導體有限公司), a limited liability company established in the PRC on July 11, 2024 and a wholly-owned subsidiary of the Company
"**XySemi**"	Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司), a limited liability company established in the PRC on February 27, 2009 and a non-wholly-owned subsidiary of the Company

"**XySemi Acting-in-Concert Agreement**"	the acting-in-concert agreement entered into among the Company, Hefei SCVC and Hefei Guozheng, details of which are set out in "History and Corporate Structure — Acquisition, Merger and Disposal" in this prospectus
"**%**"	per cent

Unless otherwise stated, 603,020 repurchased A Shares which were held as treasury shares by the Company as of the Latest Practicable Date have been included in the total number of issued shares of the Company as of the Latest Practicable Date and immediately after completion of the Global Offering.

"ADC"	analog-to-digital converter, a chip that converts an analog signal, such as a sound picked up by a microphone or light entering a digital camera, into a digital signal
"ADAS"	advanced driver assistance systems, a system that enhances driving safety and convenience through advanced vehicle technology
"AEC-Q100"	a qualification test sequence for integrated circuits developed by the Automotive Electronics Council (AEC), which is designed to ensure the reliability and quality of ICs used in automotive applications by subjecting them to a series of stress tests and reliability assessments
"AI"	artificial intelligence
"AIPC"	AI-powered PC, feature dedicated NPUs for AI workloads, utilizing a CPU+GPU+NPU architecture and system-level AI integration to enable on-device large model inference
"AI Earbuds"	smart earphones capable of achieving real-time translation, noise cancellation optimization, and health monitoring through voice interaction
"AI Glasses"	smart wearable devices capable of realizing real-time translation, AR navigation, and information reminders through voice/gesture interaction
"AI Smartphone"	smartphones capable of localizing the deployment of cloud-based large model capabilities, equipped with high-performance mobile chips that meet AI computing demands, and integrated with deep learning frameworks and system-level AI functions
"analog chip"	a chip that processes and manipulates continuous, time-varying electrical signals representing real-world phenomena
"AMOLED"	active matrix organic light emitting diode, a high-quality display technology known for being brighter, thinner, and more power-efficient

"AR"	augmented reality, a technology that overlays digital information, such as images, sounds and other data, onto the real-world environment in real-time, enhancing the user's perception and interaction with the surroundings
"ARM®"	advanced RISC machine, a processor architecture based on the reduced instruction set, with low power consumption and high energy efficiency as its core goals. ARM® represents a registered trademark
"ASIC"	application-specific integrated circuit, an integrated circuit designed for specific purposes and manufactured for specific user requirements and electronic systems
"ASIL"	automotive safety integrity levels, a risk classification scheme defined in the ISO 26262 standard, which assesses the potential hazards of automotive systems by performing a risk analysis based on three factors: Severity, Exposure, and Controllability
"BIOS"	basic input/output system, a basic software system that initializes hardware and loads the operating system on a computer
"CAGR"	compound annual growth rate
"CPCA"	China Passenger Car Association
"CPU"	central processing unit, an integrated circuit that serves as the computational and control core of an electronic product
"DC-DC"	a type of power converter that transforms a source of direct current (DC) from one voltage level to another
"DDR"	double data rate, a type of computer memory technology that allows for faster data transfer speeds by transferring data on both the rising and falling edges of the clock cycle
"DRAM"	dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information

"edge AI"	a 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
"eMCP"	embedded multi-chip package, a chip that combines flash storage and memory to save space and improve device performance
"edge computing"	a distributed computing model that brings computation and data storage closer to the sources of data which are the edge devices such as IoT sensors, smartphones, industrial machines and other local computing devices
"EV"	electric vehicle, a vehicle that is powered entirely or primarily by electricity, typically using a battery and electric motor instead of an internal combustion engine
"Flash"	a type of non-volatile semiconductor memory chip, which retains stored information even when powered off, featuring the ability to be repeatedly read, erased and written, and is considered a major category of memory products
"GB"	gigabyte, a unit of digital information equal to one billion bytes
"Gb"	gigabit, a unit of digital information equal to one billion bits
"IATF"	International Automotive Task Force, a coalition of automotive manufacturers and trade associations dedicated to establishing global quality standards for the automotive industry, exemplified by the IATF 16949 certification

"Integrated Circuit" or "IC"	integrated circuit, a type of miniature electronic device or component, manufactured using semiconductor techniques, integrating all the necessary transistors, resistors, capacitors, inductors and their connecting wires for a circuit onto a small semiconductor wafer (such as a silicon chip or substrate), which is then soldered and encapsulated within a casing to form an electronic device with the desired circuit functions
"ICEV"	internal combustion engine vehicle, a vehicle that is powered by burning fossil fuels such as gasoline or diesel in an internal combustion engine to generate propulsion
"IDM"	integrated device manufacturer(s)
"IMF"	International Monetary Fund
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
"IPD"	integrated product development, a systematic approach to product development that emphasizes the concurrent design of products and their related processes, including manufacturing and support
"IPTV"	Internet protocol television, a system through which television services are delivered using the Internet protocol suite over a packet-switched network such as the Internet, instead of being delivered through traditional terrestrial, satellite, and cable television formats
"KB"	kilobyte, a unit of digital information equal to one thousand bytes
"Kb"	kilobit, a unit of digital information equal to one thousand bits
"LDO"	low-dropout regulator, a type of a DC linear voltage regulator circuit that can operate even when the supply voltage is very close to the output voltage
"LPDDR"	low power double data rate, a type of synchronous dynamic random-access memory that consumes less power than other random access memory designs

"MB"	megabyte, a unit of digital information equal to approximately one million bytes
"Mb"	megabit, a unit of digital information equal to approximately one million bits
"Mbps"	megabits per second, a unit of measurement used to quantify data transfer rates or the speed at which data is transmitted over a network or communication channel
"MCU"	micro control unit(s), a small, self-contained computer on a single chip, designed to manage specific tasks within an embedded system
"memory chip"	an electronic component that stores data or instructions in computers and other digital devices
"MR"	a technology that blends elements of both virtual reality and augmented reality, enabling real-time interaction between physical and virtual objects within a user's environment
"NAND Flash"	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage
"NOR Flash"	a type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage and code storage
"OSAT"	outsourced semiconductor assembly and test, critical stages of the production process of semiconductor products outsourced to third-party services providers to handle the assembly, packaging and testing of semiconductor devices
"OTA"	Over-the-air, the wireless delivery of software, firmware, or configuration updates to electronic devices
"PC"	personal computer(s)
"petabytes"	a unit of digital information equal to approximately one million GB

"PMIC"	power management integrated circuit, a chip that manages power usage and battery efficiency in devices
"RISC-V"	an open standard instruction set architecture based on established reduced instruction set computer (RISC) principles
"R&D"	research and development
"SaaS"	software-as-a-service, softwares delivered over the internet as a service on demand
"sensor chip"	a small, integrated device that is designed to detect and measure specific physical or chemical properties in its environment and convert them into electrical signals
"SLC"	single-level cell, a type of Flash memory that stores one bit of data per cell, offering higher durability and faster performance compared to multi-level cell (MLC), which stores two bits per cell, triple-Level Cell (TLC), which stores three bits per cell, and quad-level cell, which stores four bits per cell, all of which provide higher storage density at the cost of reduced speed and endurance
"SoC"	system on chip, an integrated circuit that integrates all or most components of a computer or other electronic system into a single chip
"Specialty Memory"	typically serves specific application requirements or hold competitive advantages in particular market segments
"SPI NAND Flash"	a type of non-volatile memory that combines the high-density storage benefits of NAND Flash with the efficient Serial Peripheral Interface (SPI) for data transfer, offering a compact and cost-effective solution for embedded systems and IoT devices
"SPI NOR Flash"	a type of non-volatile memory that combines the fast read speeds and reliable performance of NOR Flash with the efficient SPI for data communication, offering a compact, cost-effective, and high-performance solution for embedded systems and IoT devices

"T-BOX"	Telematics Box, an advanced automotive electronic control unit that enables bidirectional communication between a vehicle and the outside world
"tRC/tWC"	Row cycle time (tRC) and write cycle time (tWC), timing parameters commonly used in DRAM and NAND Flash memory specifications
"TWS"	true wireless stereo, a type of wireless audio technology that allows for the creation of a stereo sound system without any physical wires connecting the audio devices
"USON6"	ultra-thin small outline no-lead package with 6 terminals, a type of surface-mount semiconductor package that is characterized by its small size and thin profile, making it suitable for applications where space is a critical constraint
"VCC"	voltage common collector
"VIO"	input off set voltage, the differential DC voltage that must be applied between the two input terminals to force the output voltage to zero
"VR"	virtual reality, a technology that creates a simulated, immersive environment, allowing users to interact with and experience a computer-generated world as if it were real, typically through the use of specialized headsets and sensors
"XR"	extended reality, an umbrella term that encompasses all forms of immersive technologies, including VR, AR and MR
"ZB"	zettabyte, a unit of digital information equal to 1,000 billion GB

The Company has included in this prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about its intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the Group's management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this prospectus, some of which are beyond the Company's control and may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing the Group which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- the Group's operations and business prospects;
- the Group's ability to maintain relationship with, and the actions and developments affecting, its customers and suppliers;
- future developments, trends and conditions in the industries and markets in which the Group operates or plans to operate;
- general economic, political and business conditions in the markets in which the Group operates;
- changes to the regulatory environment in the industries and markets in which the Group operates;
- the Group's ability to maintain its market position;
- the actions and developments of the Group's competitors;
- the Group's ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- the Group's ability to retain senior management and key personnel and recruit qualified staff;
- the Group's business strategies and plans to achieve these strategies;

- the effectiveness of the Group's quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which the Group operates; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, the Company does not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way the Company expects or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this prospectus.

In this prospectus, statements of or references to the Company's intentions or those of its Directors were made as of the date of this prospectus. Any such information may change in light of future developments.

An investment in the H Shares involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks described below before making an investment in the H Shares.

The occurrence of any of the following events could materially and adversely affect our business, financial position, results of operations or prospects. If any of these events occurs, the trading price of the H Shares could decline and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below. You should seek professional advice from your relevant advisors regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we fail to properly anticipate or respond to changing market conditions, or develop and introduce new or enhanced products on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.

The semiconductor industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards. New technologies may be introduced that make the current technologies on which our products are based less competitive or even obsolete or require us to make changes to our technology that could be expensive and time consuming to implement. The timing of new product developments, the life-cycle of existing electronics products and the level of acceptance and growth of new products can also affect demand for our products. Due to the evolving nature of the markets, our future success depends on our ability to accurately anticipate and respond to changes in industry standards, technological requirements, customer and consumer preferences and other market conditions. Our failure to properly anticipate or respond to changing market conditions could impair our competitive position, and adversely affect our business, results of operations and financial condition.

In order to compete successfully, we must design, develop, market and sell new or enhanced products that provide high levels of performance and reliability, offer and integrate new functionalities and meet the cost expectations of the markets. The intensive competition, introduction of new and upgraded products and solutions by our competitors, market acceptance of products based on new or alternative technologies, emergence of new industry standards, or new trends in consumer preferences could render our existing or future products obsolete. We may experience difficulties with product design, development, marketing or certification, which could delay or prevent our development, introduction or marketing of new or enhanced products. If we fail to introduce new or enhanced products that meet the needs of our customers or fail to penetrate new markets in a timely manner, the market demand for our products could be negative affected, and we will lose market share. As a result, the average selling prices of our products and gross profit margin may decline, and we may record write-down of inventories due to such decrease in selling prices, which in turn could adversely affect our business, results of operations and financial condition.

Our performance is subject to fluctuations in demand from downstream industries that adopt our products and the prices of the end products.

Our performance is subject to fluctuations in demand from downstream industries that adopt our products and the prices of the end products. During the Track Record Period, our products were typically designed for special applications in downstream industries such as consumer electronics, automobile, industrial applications (for example, industrial automation, energy storage and battery management), PC and servers, IoT and communications. These industries are highly competitive and to a large extent driven by end-user markets. From time to time, these markets may experience downturns, often in connection with, or in anticipation of, declines in general economic conditions, and we may experience substantial period-to-period fluctuations in our operating results due to factors affecting these markets. Fluctuations in demand and price within these industries could lead to reduced sales and declining prices for the end products, which will in turn affect our revenue and profit margins. Specifically, many of our customers face intense competition and constant pressure to cut the selling prices of their end products. Accordingly, many of them may expect ongoing production cost reductions and increased production efficiencies. If we are not able to meet such expectations, our prospect, business, results of operations and financial condition will be adversely affected.

Fluctuation in demand from downstream industries and prices of the end products could be impacted by many factors beyond our control, including:

- a decline in demand for, or negative perception of, or publicity about, products of downstream industries;
- a downturn in general economic conditions and consumer spending capabilities that may affect, among others, the ability and willingness for the market to invest in those industries, which in turn will negatively affect the downstream demand for our products;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports from the PRC;
- cyclicality in the downstream industries;
- the inability to dedicate necessary resources to promote and commercialize end products;
- the failure to meet the evolving industry requirements or achieve market acceptance;
- delays and project cancellations by our end customers; and
- the effects of catastrophic and other disruptive events.

In the event that any of the above events occur, the demand for end products may not maintain robust growth and the demand or price for our products may be reduced, which in turn will adversely affect our business, prospects, results of operations and financial condition.

The markets in which we compete have historically experienced downturns with declines in average selling prices.

Historically, the markets in which we compete have experienced downturns. These downturns could be characterized by diminished product demand, production overcapacity, high inventory levels and decreasing selling prices and inventory values. Economic downturns often have an adverse effect upon designers, manufacturers and end-users of electronics products. Downturns in the markets we serve could have a significant negative impact on the demand for our products. Additionally, due to changing conditions, our customers may in the future experience periods of excess inventory that could have a significant adverse impact on our sales. During an industry downturn, there is also a risk that our inventory would decrease in value. We cannot predict the timing or the severity of the cycles within our industry. In particular, it is difficult to predict how long and to what levels any industry upturn or downturn, or general economic strength or weakness, will last or develop.

We have historically experienced the industry downturn from 2023, which resulted in declines in average selling prices due to supply and demand dynamics, which was in line with industry trends and adversely affected our business and results of operations. Such downturn was primarily driven by destocking by downstream participants, following the inventory buildup in 2021 and 2022 caused by supply shortage then. The downstream destocking intensified the market competition and, in turn, resulted in a notable decrease in the selling prices of IC products in 2023. As a result, our revenue decreased from RMB8,130.0 million in 2022 to RMB5,760.8 million in 2023, our gross profit decreased from RMB3,697.2 million in 2022 to RMB1,746.3 million in 2023, and our net profits decreased from RMB2,052.9 million in 2022 to RMB161.1 million in 2023. See "Financial Information — Significant Factors Affecting Our Results of Operations — Industry Cycle" and "Financial Information — Principal Components of Results of Operations." The average selling prices of our product may decline due to several factors, including general declines in demand for our products and excess supply of products as a result of overcapacity. If not accompanied by increases in demand, supply increases usually result in significant declines in product pricing and, in turn, declines in the average selling prices and profit margins of our products. Our efforts to increase sales or to introduce new products to offset the impact of declines in average selling prices may not be successful.

In the event of a market downturn, competition in the markets in which we operate may intensify as our customers reduce their purchase orders. Our competitors that are significantly larger and have greater financial, technical, marketing, distribution, customer support and other resources or more established market recognition than us may be better positioned to accept lower prices and withstand adverse economic or market conditions. As such, we may experience pricing pressure from our competitors and customers. Declines in selling prices could also affect the valuation of our inventory and result in inventory write-downs. These declines in average selling prices have in the past had, and may again in the future have, a material adverse effect on our business, results of operations and financial condition.

Our R&D efforts are not guaranteed to yield the results we anticipate.

In order to maintain our competitive position and continue to grow our business, we need to continuously develop and introduce innovative products for our existing and potential customers. The markets of IC design are characterized by continuous technological developments and innovation to address increasingly complex and diverse market needs. Accordingly, we emphasize our R&D activities, which require considerable human resources and capital investment. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses amounted to RMB935.6 million, RMB990.0 million, RMB1,122.4 million, RMB588.3 million and RMB567.7 million, respectively, accounting for 11.5%, 17.2%, 15.3%, 16.3% and 13.7% of our total revenue in the respective years/periods. However, we cannot assure you that these efforts will be successful or produce our anticipated results.

Even if our research and development efforts are successful, we may not be able to apply the technologies we developed to introduce new products in time to capture the first-mover advantage, or at all.

We rely on third parties for IC fabrication, testing and packaging.

As a fabless IC design company, we do not own any IC fabrication, testing or packaging facilities, and rely on third-party foundry partners to produce ICs. As of the Latest Practicable Date, we worked closely with 11 quality foundry partners and 26 OSAT partners for IC packaging and testing. Purchases from our five largest suppliers of each year/period of the Track Record Period, which were our foundry partners and OSAT partners, amounted to RMB4,090.6 million, RMB3,081.9 million, RMB3,696.9 million and RMB2,007.8 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 73.4%, 71.0%, 70.2% and 68.9% of our total purchases in the respective years/period. After consultation with Frost & Sullivan, we are of the view that it is an industry norm for a fabless IC design house to rely on a limited number of foundry and OSAT partners to ensure consistency in product quality.

The ability of our foundry partners to provide us with IC is limited by their available capacity. We typically do not have a guaranteed level of production capacity from our foundry partners. As a result, if our foundry partners raise their prices or are unable to meet our required capacity for various reasons, including shortages, or delays in the shipment of semiconductor equipment or raw materials required to manufacture our IC, or if our business relationships with our foundry partners deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundries, which may not be available on commercially reasonable terms, or at all.

Moreover, it is possible that other customers of our foundry partners may receive preferential treatment from our foundry partners in terms of capacity allocation. Reallocation of capacity by our foundry partners to their other preferred customers could impair our ability to secure our requisite supply of IC, which could significantly delay the shipment of our products, causing a loss of revenue and damage to our customer relationships. In addition, if we do not accurately forecast our capacity needs, our foundry partners may not have available capacity to meet our immediate needs or we may be required to pay higher costs to fulfill those needs, either of which could materially and adversely affect our business, operating results or financial condition.

Reliance on these third-party production partners presents significant risks to us, including the following:

- limited control over delivery schedules, quality assurance, manufacturing yields and production costs;
- potential failure to obtain, or delay in obtaining key process technologies;
- failure by us or our customers to qualify a selected supplier;
- capacity shortages during periods of high demand;
- shortages of materials;
- misappropriation of our IP;
- limited warranties on IC or products supplied to us; and
- potential increases in prices.

The ability and willingness of our production partners to adequately perform is largely outside our control. If one or more of these production partners fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, in the event that capacity becomes constrained at one or more production partners, we could face difficulties in fulfilling our customers' orders and our revenues could decline. In addition, if these production partners fail to deliver quality products and components to us on time and at reasonable prices, we could face difficulties in fulfilling our customers' orders, our total revenue could decline and our business, financial condition and results of operations would be adversely affected.

The new scientific and technological outcomes may make our products uncompetitive or obsolete, and the life-cycle of existing electronics products and the level of acceptance and growth of new products can affect the market price and demand of our products.

The emergence of new scientific and technological outcomes may cause our products to become uncompetitive or obsolete. To remain competitive, we must maintain and enhance our technologies to meet the latest downstream market needs, technological advancement and industry standards. The development activities related to our technologies may involve significant time, risks and uncertainties: for instance, our R&D team may not be able to coordinate and manage the development projects, the expenses associated with these investments may affect our margins and operating results and these investments may not generate sufficient revenue to offset related liabilities and expenses.

Moreover, rapid scientific and technological advancements, combined with the speed at which customers accept and adopt new products, can significantly shorten the life-cycle of both our customers' end products and our own offerings. As new and more advanced products are introduced to the market, previous generations of products may quickly lose their appeal and may be obsolete sooner than expected. Under such circumstance, regardless of whether we are able to respond to these scientific and technological advancements, there would be a risk that the market price and demand for our existing inventories could be materially and adversely impacted. Should our products become outdated, we may face difficulties in selling our inventories at anticipated prices, or may be unable to sell them at all. Those could result in write-downs or write-off of inventories and decline in our gross profit margin, which in turn will have a material adverse effect on our business, results of operations and financial condition.

We face competition and expect to continue facing competition in the future. If we fail to compete effectively, our business, prospects, results of operations and financial condition will be materially and adversely affected.

The global semiconductor market in general, and the specialty memory chips, MCU, analog chips and sensor chips market in particular, are highly competitive. We expect competition to increase and intensify as other semiconductor companies enter our markets, many of which may have greater financial and other resources with which to pursue technology development, product design, manufacturing, marketing and sales and distribution of their products. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, prospects, results of operations and financial condition.

In addition, as opportunities in the semiconductor market grow, we expect that new entrants will enter these markets and existing competitors, including leading semiconductor companies, may increase their investments in order to compete more effectively against our products. These competitors could develop technologies that would render our products or technologies uncompetitive or obsolete. Our ability to compete successfully depends on factors both within and outside of our control, including:

- the functionality, performance and pricing of our products relative to those of our competitors;

- our relationships with our customers and other industry participants;

- our ability to develop new and enhanced products;

- our ability to retain high-level talents, including our management team and engineers; and
- the actions of our competitors, including merger and acquisition activity, new product launches and other actions that could change the competitive landscape.

If our products do not meet our customers' quality standards, our business and financial condition may be negatively impacted.

If we are unable to provide products that meet our customers' demands on a timely basis, our relationships with our customers will be negatively impacted, and, if we are unable to repair these relationships by increasing our customers' confidence in us, we may lose our customers. Furthermore, our customers conduct quality check and inspection of our products when they receive them, and they can return or exchange products that do not meet their quality standards. If we experience a high level of product returns or exchanges, our business and financial condition may be negatively impacted.

Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed.

Our success depends in part on our ability to obtain and maintain trade secrets and patent protection for our technologies, processes and products as well as to successfully enforce our intellectual property rights and to defend our intellectual properties against third-party challenges. In the event that our issued patents and patent applications do not adequately provide coverage for our technologies, processes or products, we would not be able to exclude others from developing or utilizing these technologies, processes and products. Furthermore, the degree of future protection of our proprietary rights is uncertain because legal means may not adequately protect our rights or permit us to gain or keep our competitive advantage.

As our technologies involve unpatented, proprietary technologies, processes, know-how or data, we primarily rely on trade secret protection and agreements to safeguard our interests. However, trade secrets are difficult to protect. The persons who may have access to our trade secrets, including our employees or suppliers, may unintentionally or willfully disclose our information to competitors. In addition, confidentiality agreements or other agreements including confidentiality provisions may not be enforceable or provide an adequate remedy in the event of unauthorized use or disclosure. It may be difficult to prove or enforce a claim that a third party had illegally obtained and used our trade secrets. In addition, our competitors may independently develop technologies that are equivalent to our trade secrets, in which case, we would not be entitled to enforce our trade secrets and our business could be harmed.

We may encounter future litigation by third parties based on claims that our technologies, processes or products infringe the intellectual property rights of others or that we have misappropriated the trade secrets of others. We may also initiate lawsuits to defend the ownership of our inventions and our trade secrets. It is difficult, if not impossible, to predict how such disputes would be resolved. Litigation relating to intellectual property rights is costly and diverts technical and management personnel from their normal responsibilities. Furthermore, we may not be able to prevail in any such litigation or proceeding. A determination in an intellectual property litigation or proceeding that results in a finding of non-infringement by others to our intellectual property or an invalidation of our patents may result in the use by competitors of our technologies or processes and sale by competitors of products that resemble our products.

Our business depends on the continuing efforts of our key personnel performing vital functions.

Our business operations depend on the continuing efforts of our management, particularly the members of our senior management team. If one or more members of our management are unable or unwilling to continue their employment with us, we may not be able to replace them in a timely manner, or at all. We may incur additional expenses to recruit and retain qualified replacements. In addition, members of our management may join a competitor or form a competing company. There can be no assurance that we will be able to successfully enforce our contractual rights included in employment agreements with our management. As a result, our business may suffer the loss of services of one or more members of our management, which in turn could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

Our business is subject to legal, regulatory, political, economic, commercial and other risks associated with conducting operations in various jurisdictions.

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

- legal, regulatory, political, economic and commercial instability and uncertainty;

- changes in foreign tax rules, regulations and other requirements, such as changes in tax rates and statutory and judicial interpretations of tax laws;

- changes in international trade policies and regulations including those in relation to economic sanctions, export controls and import restrictions, as well in trade barriers such as imposition of tariffs;

- difficulty in coping with possible conflict of laws resulting from import/export controls measures of different jurisdictions where we operate;

- changes in foreign country regulatory requirements, including data privacy laws;

- complexities relating to compliance with foreign anti-bribery, anti-corruption and anti- money laundering regulations and antitrust laws;

- difficulty in obtaining or enforcing intellectual property rights;
- difficulty in enforcing agreements and collecting overdue receivables through local legal systems;
- changes in geopolitical situations especially those in jurisdictions where we do business;
- strict foreign exchange controls and cash repatriation restrictions;
- inflation and/or deflation, and changes in interest rates;
- trade customer insolvency and the inability to collect accounts receivable;
- misconduct by our customers beyond our control, including but not limited to breaching the agreements with them and laws and regulations of various jurisdictions that are applicable to them;
- labor disputes and work stoppages at our operations and suppliers; and
- increased costs associated with maintaining the ability to understand local markets and follow their trends.

In addition, as we operate in many different jurisdictions, we have conducted cross-border related party transactions in our ordinary course of business, which may result in an increased likelihood of tax audits, possibly leading to challenges in relation to, amongst other things, tax residence, permanent establishment and transfer pricing.

We may make acquisitions, establish joint ventures and conduct other strategic investments, which may not be successful.

To further expand our business and strengthen our market position, we may form strategic cooperation or make strategic investments and acquisitions to fuel business growth. See "Business — Our Strategies" and "Future Plans and Use of Proceeds." Acquisitions involve numerous risks, including difficulties in integrating the operations and personnel of the acquired companies, distraction of management from overseeing our existing operations, difficulties in executing new business initiatives, entering markets or lines of business in which we have no or limited direct prior experience, the possible loss of key employees and customers and difficulties in achieving the synergies we anticipated or levels of revenue, profitability, productivity or other benefits we expected. These transactions may also cause us to (i) significantly increase our interest expense, leverage and debt service requirements if we incur additional debt to pay for an acquisition or investment, (ii) issue Shares that would dilute our current Shareholders' percentage ownership, or (iii) incur asset write-offs and restructuring costs and other related expenses. Acquisitions, joint ventures and strategic investments involve numerous other risks, including potential exposure to unknown liabilities of acquired or invested companies and restrictions under regulations relating to anti-monopoly. There can be no assurance that our acquisitions, joint ventures and other strategic investments will be successful and will not have a material and adverse impact on our business, results of operations and financial condition.

We generate a substantial majority of revenue from our distributors during the Track Record Period, while we may be unable to expand, manage, monitor and coordinate our sales network effectively.

We had a total of 268 distributors as of the Latest Practicable Date. Our distributor sales amounted to RMB7,265.3 million, RMB5,214.7 million, RMB6,553.2 million, RMB3,167.7 million and RMB3,751.7 million, accounting for 89.4%, 90.5%, 89.1%, 87.8% and 90.4% of our total revenue in 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, respectively. We face various risks in relation to distributorship, including:

- We have limited control over our distributors, who may not always comply with our requirements and policies or adhere to agreements with us. This could lead to issues such as misuse of our logo, violations of our guidelines, or inappropriate marketing activities, all of which may negatively impact product sales, customer experience and brand recognition;

- Our distributors may violate our guidelines and sales strategies and compete with each other for market share;

- Our distributors may fail to sell our products in a timely manner or deviate from our guidelines and strategies, it could result in price disparities, decreased product sales and damage to our reputation;

- We may have limited control over the disorganized ordering and stockpiling by distributors, making it challenging to make sales forecast and manage inventory levels effectively; and

- Distributors may violate our guidelines and sell our products to unauthorized channels or regions. This may cause price erosion, brand dilution, conflicts with authorized distributors, violation of relevant laws and regulations, and disruptions in pricing strategies across different channels or regions. This can further exacerbate competition among distributors and undermine our brand recognition.

Occurrence of any of these could have a material and adverse impact on our business, results of operations and financial condition.

We have established a global sales network comprising distributors and representatives in over 40 countries or regions. Our ability to maintain and expand our sales network significantly impacts our success, but this is influenced by various factors, some of which are beyond our control. For instance, if we encounter challenges in maintaining positive relationships with existing distributors within our sales channels, experience disputes with them, or struggle to expand our sales network with new distributors under favorable terms, our market presence across different channels or regions may be compromised. Failure to effectively execute our development and growth strategies, along with providing sufficient resources and operational support to our sales channels, could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

Our sales may be influenced by seasonality.

Demand for and sales of our products follow the same seasonality pattern as sales of the end products that feature our products. We usually experience higher sales volume in the second and third quarter of a year due to the stock preparation of end customers in response to the new product launch cycles and increased shopping activities during the holiday season. Accordingly, various aspects of our operations, including sales, working capital and operating cash flows, are exposed to the risks associated with seasonal fluctuations in the demand for our products, and our quarterly or half year results may not reflect our full year results.

Delivery delays, inappropriate handling by third party logistics service providers or disruptions in the transportation network may adversely affect our business.

We use third party logistics service providers to deliver certain of our work-in-progress and products. Disputes with or terminations of our contractual relationships with our logistics service providers could result in delayed delivery of products or increased costs. We may not be able to continue or extend relationships with our current logistics service providers on terms acceptable to us or establish relationships with new logistics service providers to ensure accurate, timely and cost-efficient delivery services. If we are unable to maintain or develop good relationships with logistics service providers, it may inhibit our ability to offer products in sufficient quantities, on a timely basis, or at prices acceptable to our customers. If there is any breakdown in our relationships with our preferred logistics service providers, we may suffer business interruptions that could materially and adversely affect our business, financial condition and results of operations. As we do not have any direct control over these logistics service providers, we cannot guarantee their quality of services. If there is any delay in delivery, damage to products or any other issue due to transportation shortages, natural disasters, labour strikes or other factors, we may lose customers and sales and our reputation may be tarnished. In addition, our suppliers sometimes deliver materials to us through third party logistics service providers. Delays in delivery could adversely impact our suppliers' ability to timely deliver materials to us, and our ability to deliver to our customers.

Fluctuations in exchange rates may adversely affect our results of operations.

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

During the Track Record Period, we received the majority of payments in U.S. dollars, and we expect this to continue for the foreseeable future. As a result, any depreciation of the U.S. dollar against the RMB may result in exchange losses and negatively impact our operating results. The proceeds from the Global Offering will be received in Hong Kong dollars and we expect a substantial portion of which to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. All of these factors could have a material and adverse impact on our business, results of operations and financial condition.

Failure to maintain optimal inventory levels could increase our inventory holding costs and cause us to lose sales.

In order to operate our business effectively and meet our consumers' demands and expectations, we maintain a certain level of inventory to meet the customer needs and ensure timely delivery of our products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had inventories of RMB2,153.9 million, RMB1,990.9 million, RMB2,346.4 million and RMB2,400.6 million, respectively. In 2022, 2023 and 2024 and the six months ended June 30, 2025, our inventory turnover days were 148 days, 188 days, 167 days and 163 days, respectively. During the Track Record Period, we recorded write-down of inventories due to the lower estimated realizable value of our inventory than its costs, as a result of the continuous decrease in market price of our products as affected by the downturn caused by the oversupply since 2023. We recorded write-down of inventories of RMB177.4 million, RMB236.7 million, RMB172.1 million and RMB11.6 million in 2022, 2023 and 2024 and six months ended June 30, 2025, respectively. We determine our level of inventory based on historical sales data, customer order volumes, demand forecasts and supply chain capacity fluctuations. However, such assessment is inherently uncertain. We cannot assure that we are able to always maintain optimal inventory levels in the future. If we fail to accurately assess the demand, we may experience inventory obsolescence and inventory shortage risk. Inventory levels in excess of demand, or substantial decrease in the expected market price of our products, may result in inventory write-downs or write-offs and we may sell the excess inventory at discounted prices, which would have an adverse effect on our profitability. Furthermore, if we underestimate the demand for our products, we may not be able to have a sufficient number of products to meet such unanticipated demand, which could result in delays in the delivery of our products and negatively affect our reputation.

Any of the above may materially and adversely affect our business, results of operations and financial condition.

Fair value change of financial assets at fair value through profit or loss may affect our results of operations.

Our financial assets at fair value through profit or loss primarily consist of structured deposits and investments in equity securities. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had financial assets at fair value through profit or loss of RMB1,937.5 million, RMB1,951.2 million, RMB330.9 million and RMB271.7 million, respectively. Changes in the fair value of the structured deposits and investments in equity securities are reflected in our consolidated statements of profit or loss and other comprehensive income. See note 19 to "Appendix I — Accountants' Report." Moreover, after the Track Record Period and up to the Latest Practicable Date, the Company subscribed for 947,357 A shares of Maxone in its initial public offering and listing on the STAR Market of the Shanghai Stock Exchange at a consideration of approximately RMB81 million, representing approximately 0.73% of the enlarged share capital of Maxone. The fluctuation of the fair value of the Maxone Investment may affect our results of operations and financial condition. The methodology that we use to assess these financial assets involves a significant degree of management judgment and is inherently uncertain. We cannot assure you that market conditions and regulatory environment will create fair value gains on those financial assets or that we will not incur any fair value losses on those financial assets in the future. If we incur such fair value losses, our results of operations and financial condition may be adversely affected.

We may not be able to timely fulfill our obligations in respect of contract liabilities to our customers or at all.

Our contract liabilities comprise advances received from our customers. We typically require our customers to pay the consideration for their purchases from us upon or prior to the delivery of the products. As of December 31, 2022, 2023 and 2024 and June 30, 2025, we had contract liabilities of RMB82.9 million, RMB88.1 million, RMB94.5 million and RMB135.2 million, respectively. See "Financial Information — Selected Items of Consolidated Statements of Financial Position — Contract Liabilities." Our recognition of contract liabilities as revenue is subject to future performance of contract obligations and may not be representative of revenue for future periods. As a result of disruption to any of our suppliers, we may fail to fulfill our contract obligations or meet market demand for our products, and our business, results of operations, liquidity and financial condition could be adversely affected.

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

Our intangible assets consist of development expenditure, patents and proprietary technologies and software and others. We recorded intangible assets of RMB460.8 million, RMB440.9 million, RMB604.2 million and RMB654.6 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment. Our goodwill arose from our acquisitions of Silead, XySemi and Suzhou Freethink. We recorded goodwill of RMB783.5 million, RMB410.1 million, RMB617.2 million and RMB617.2 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. See notes 2, 14 and 15 to "Appendix I — Accountants' Report."

Goodwill impairment tests are undertaken annually, and the intangible assets impairment tests are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. During the Track Record Period, we recorded impairment loss on intangible assets of RMB2.6 million in 2023 and RMB1.9 million in the six months ended June 30, 2025, and impairment loss on goodwill of RMB241.5 million in 2022 and RMB373.4 million in 2023 because Silead would not meet the original expected business results attributable to the delay in the commercial production of certain customers' products based on assessments. The assessment of impairment loss involves a significant degree of management judgments as well as estimates in determining the key assumptions, and unpredictable adverse changes in the future may also result in decreases in the value of our intangible assets and goodwill. Therefore, we cannot assure you that these assumptions and estimates would not result in outcomes that require a material adjustment to the carrying amounts of these intangible assets and goodwill in the future, which may in turn result in impairment losses. Significant impairment losses on intangible assets and goodwill may have a material adverse effect on our financial condition and results of operations, and may in turn limit our ability to obtain financing in the future.

Fluctuations in the changes in fair value of equity securities designated at fair value through other comprehensive income may affect our financial position.

An investment in equity securities other than investments in subsidiaries, associates and joint ventures that is not held for trading purposes and on initial recognitions we make an irrevocable election to designate investment at fair value through other comprehensive income ("**FVOCI**") (non-recycling). Our equity securities designated at FVOCI included the investment in unlisted equity securities and equity securities listed in the Chinese Mainland. We recorded equity securities designated at FVOCI of RMB1,533.0 million, RMB1,744.4 million, RMB3,365.9 million and RMB3,491.7 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. Among it, we recorded investment in unlisted equity securities of RMB1,514.7 million, RMB1,453.0 million, RMB3,170.6 million and RMB3,417.4 million as of December 31, 2022, 2023 and 2024 and June 30, 2025. The unlisted equity securities were mainly investments in entities established in Chinese Mainland, primarily consisted of our investment in CXMT. See notes 2 and 18 to "Appendix I — Accountants' Report." As subsequent changes in fair value are recognized in other comprehensive income, any significant decrease in fair value could result in a significant decrease in our reserves and net assets.

We may not be successful in our efforts to make acquisitions and successfully integrate newly acquired assets.

We have in the past pursued and may in the future consider opportunities to acquire assets that can enhance our overall competitiveness and fuel our sustainable growth. We may be unable to realize the expected returns for our past acquisitions and investments, and we may be unable to identify suitable targets, opportunistic or otherwise, for acquisition in the future at acceptable terms or at all. In addition, exploring acquisition opportunities may divert management attention from the core business and growth, which could negatively impact our business, financial condition, results of operations and cash flows. If we identify a suitable acquisition candidate, our ability to successfully implement the acquisition will depend on a variety of factors, including our ability to obtain financing on acceptable terms consistent with any debt agreements existing at that time and our ability to negotiate acceptable price and terms.

The success of our past and future acquisitions will be dependent upon our ability to effectively integrate the acquired assets and operations into our business. Integration can be complex, expensive and time-consuming. The failure to successfully integrate acquired assets in a timely and cost-effective manner could adversely affect our business, prospects, results of operations and financial condition. The diversion of our management's attention and any difficulties encountered in any integration process could also have a material adverse effect on our ability to manage our business. In addition, the integration process could result in the loss of key employees, the disruption of ongoing businesses, litigation, tax costs or inefficiencies, or inconsistencies in standards, any of which could adversely affect our ability to maintain the appeal of our brands and our relationships with customers, employees or other third parties or our ability to achieve the anticipated benefits or synergies of such acquisitions and could harm our financial performance.

Additionally, these transactions involve other significant challenges and risks, including

- failure to realize a positive return on our investment;

- difficulties in conducting sufficient and effective due diligence on potential targets, joint venture partners, and unforeseen or hidden liabilities or additional incidences of noncompliance, operating losses, costs and expenses that may adversely affect us following our acquisitions or investments or other strategic transactions;

- actual or potential impairment charges or write-offs of investments in investees, intangible assets (including intellectual property we acquire) or real properties, and goodwill recorded in connection with invested businesses, in the event that a decline in fair value below the carrying value of our investments is other-than-temporary, or the carrying amount of an asset to which goodwill is allocated exceeds its fair value; and

- negative impact on our cash and credit profile from loans to or guarantees for the benefit of the investees.

We may not be able to maintain or enhance our brand recognition.

We believe our brand image has contributed significantly to the success of our business, and, therefore, maintaining and enhancing the recognition, image and acceptance of our brand are critical to our ability to differentiate our products from and to compete effectively with our peers. Our brand image, however, could be jeopardized if we fail to maintain high product quality, pioneer and keep pace with evolving technology trends, or timely fulfill the orders. If we fail to promote our brand or to maintain or enhance the brand recognition and awareness among our customers, or if we are subject to events or negative allegations affecting our brand image or publicly perceived position of our brand, our business, operating results and financial condition could be adversely affected.

We are subject to various risks relating to third-party payment arrangement.

During the Track Record Period, certain of our distributors (individual or collectively, the "**Third-party Payment Customer(s)**") settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding sales and purchase agreements (the "**Third-party Payment Arrangement**"). As of the Latest Practicable Date, we have ceased, or rectified through entering into Tri-party Arrangement Agreement, all Third-party Payment Arrangement.

In 2022, 2023 and 2024 and six months ended June 30, 2025, the revenue from designated third parties to us was RMB160.1 million, RMB97.8 million, RMB39.5 million and RMB1.7 million, respectively, representing approximately 1.9%, 1.6%, 0.5% and 0.0% of the total payments received from all customers, respectively. During the Track Record Period, no individual Third-party Payment Customer had made material contribution to our revenue. See "Business — Sales and Marketing — Third-party Payment Arrangement."

We were subject to various risks relating to such Third-party Payment Arrangement during the Track Record Period, such as (i) possible claims from third-party payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and (ii) potential money laundering risks as we have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us to demand return of the relevant payment or for violation or noncompliance of laws and regulations, we will have to spend significant financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payment for the products that we sold and services that we provided.

We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations.

We operate within a global supply chain and our products were sold globally as part of various end products. As such, we face risks associated with international trade regulations and geopolitical developments.

Recent trade tensions, such as the ongoing U.S.-China trade dispute, have led to high tariffs, export controls and other restrictive measures targeting high-technology goods, semiconductors and electronics. In April 2025, the United States imposed a 20% IEEPA Fentanyl Tariff and a 125% IEEPA Reciprocal Tariff. In November 2025, the IEEPA Reciprocal Tariff was suspended, while the 20% IEEPA Fentanyl Tariff remained in effect. However, for certain consumer electronics produced in China and imported into the United States, the IEEPA

Fentanly Tariff was reduced to 10%, at least until November 10, 2025. Low value shipments into the United States through the international postal network valued at $800 or less are subject to 10% duty. Alternatively, for a period of 6 months from August 29, 2025 (until February 2026), a specific duty rate of $160 per items is available. Our products were not subject to the IEEPA Reciprocal Tariff, as it remained suspended, but were subject to the reduced IEEPA Fentanyl Tariff of 10% as of the Latest Practicable Date. To our best knowledge and based on the information provided by distributors about the intended locations of their re-sales of our products, the estimated value of the our products directly sold to, and resold by distributors to, the United States accounted for less than 1% of the total revenue as well in each year/period during the Track Record Period. Based on the above, and as advised by the DLA Piper, our Directors believe that the tariff measures imposed or potentially to be imposed in the future will have limited impacts on the our business. However, our products could be incorporated into various types of end-products and be imported into the United States, with tariff, if any, to be borne by the importing party. Companies who import the products may wish to pass on the additional tariff on us, their other suppliers or their customers. Even if the tariff is not passed on to us, the reduced competitiveness of our customers' end products could lead to reduction or cancellation of their purchase orders from us.

Moreover, we may be subject to the U.S. export control regime. The Export Administration Regulation (the "**EAR**") regulates U.S. export control, and the Bureau of Industry and Security (the "**BIS**") of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. 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 or transfer.

Non-U.S.-made items may be subject to the U.S. Export Administration Regulations (EAR) if they meet the criteria outlined in either the Foreign Direct Product Rule or the De Minimis Rule.

Under the Foreign Direct Product Rule, a non-U.S.-made item will be subject to the EAR if it is:

- a direct product of certain U.S.-origin software or technology; or
- produced by a plant or a major component of a plant located outside the United States, where that plant or component is itself a direct product of specified U.S.-origin software or technology.

The application of Foreign Direct Product Rule to a specific item depends on U.S. technology and software involved, characteristic of the finished products, intended destination and end-user or end use of the finished products.

Under the De Minimis Rule, a non-U.S.-made item will be subject to EAR if it is physically incorporated or bundled with "controlled" U.S.-origin content in excess of a de minimis percentage, which is currently 25% for items exported to China. See "Regulatory Overview — Laws and Regulations Relating to U.S. Export Controls and Sanctions."

As for our procurement, certain items procured by us, including software (such as EDA) and hardware (such as storage systems and servers), are US-originated items or non-US-made items that meet the Foreign Direct Product Rule or De Minimis Rule, and therefore, are subject to EAR. However, as advised DLA Piper, the items that are subject to EAR do not necessarily require to obtain U.S. export license for the procurement. For items subject to the EAR, whether a U.S. export licenses is required depends on (i) the classification (ECCN or EAR-99) and control reasons, (ii) destination country, and (iii) end-user/end use. As advised by the DLA Piper, for items procured by us that are subject to EAR, including software and hardware, our procurement of such items which are subject to EAR would not require a license or would be subject to a license exemption based on the classifications provided by the suppliers of such items, because (i) those items are non-sensitive or relatively less sensitive, (ii) China is not an embargo country as defined by the EAR or subject to comprehensive controls, and (iii) the Company is not a sanctioned target, and the end use is not restricted. However, there is no assurance that there will be no requirement for us to obtain license to obtain software or commodities necessary for our operation in the future. If so, the failure to obtain such license may adversely affected our business.

Moreover, the BIS maintains lists of individuals and entities subject to enhanced export control restrictions (the "**Entity List**"). Any export, re-export, or transfer of items subject to the EAR to the Entity List would requirement a U.S. export license. 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 security. See "Regulatory Overview – Law and Regulations Relating to U.S. Export Controls and Sanctions." As a fabless company in the semiconductor industry in China, avoiding all transactions with Chinese companies on the Entity List is not commercially practicable. However, through our internal control and compliance measures set out below, and as advised by the DLA Piper, our Directors believe that our products sold to customers on the Entity List are not subject to EAR under (i) the De Minimis Rule as the "controlled" U. S.-origin content incorporated do not excess 25%, or (ii) under the applicable Foreign Direct Product Rule as the output, input and end-user/end use requirement are not met, and therefore our Directors believe that our sales to those customers on the Entity list do not infringe the EAR.

We conduct necessary compliance measures to fulfill the export control obligations, including:

- Establish an export control compliance team to conduct all necessary compliance measures in our routine business;

- Conduct routine screening against our counterparties and assess the applicable restrictions for dealing with any counterparties;

- Request our customers to sign the export control compliance commitment;
- Request the suppliers and contract manufacturers to complete the 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;
- Confirm the trade compliance obligations in the contracts with suppliers and contract manufacturers, to make sure the information provided to us is accurate and up to date; and
- Engage the compliance team and technical team to review and assess the relevant export control classifications of our final products.

However, as the BIS rules are evolving, future sanctions and export controls may 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 under the EAR and Entity List designation, considering the Chinese semiconductor industry is always an enforcement focus by the U.S. government.

As a fabless IC design house, we use softwares and commodities subject to the EAR, including certain electronic design automation ("**EDA**") softwares. As the U.S. continued to impede China's advanced semiconductor industry, several leading EDA software suppliers in the U.S. stated that they received notices from BIS to cease supplying EDA software to China in May 2025. In July 2025, those EDA software suppliers stated that they received notice from BIS rescinding the restrictions on EDA. However, there is no assurance that those restrictions will not be re-introduced in the future. We understand that these developments may cause uncertainties to global supply chains, limited access to key software, and increased production and compliance costs for companies operating in affected industries. If these trade restrictions or geopolitical tensions escalate, we may face additional risks, including reduced access to key software, which could negatively impact our design capabilities.

We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments.

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Final Rule**"), which became effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as "Covered Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule contains exceptions for certain investments, including those in publicly traded securities, except when the U.S. person investor secures rights that go beyond standard minority shareholder protections. The Final Rule may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. On February 21, 2025, U.S. President issued a memo entitled the "America First Investment Policy" (the "**America First Memo**"), indicating that Executive Order 14105 is under review and the Trump Administration will consider new or expanded restrictions, such as broadening the sectors.

As advised by DLA Piper, our Directors believe that we are likely to be deemed a covered foreign person engaged in one of the "covered activities" (including (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems) as we design integrated circuits as described in the definition of "notifiable transactions" in 31 C.F.R. §850.217. We are not directly or indirectly engaged in any "covered activities" as described in the definition of "prohibited transactions" (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit with performance parameters of the advanced integrated circuits covered by prohibited transactions as defined by the Final Rule. However, there is no assurance that the Treasury will take the same view as ours. As advised by DLA Piper, U.S. persons engaged in a "covered transaction" (as defined under the Final Rule) that involves the acquisition of our equity interests (including the subscription of our H Shares in the Global Offering) may need to make a notification to Treasury pursuant to the Final Rule, which could limit our ability to raise capital or contingent equity capital from U.S. investors. In addition, even though U.S. persons' investment of certain publicly traded securities (such as purchasing our H Share in the open market) falls under an exception in the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this Global Offering given that the relevant laws, regulations and policies continue to evolve. In addition, the application and implication of the Final Rule, the America First Memo and any related policies, laws and regulations are complex, which may be changed and updated from time to time. Future changes in the Final Rule, the America First Memo and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case the Global Offering of our H Shares may also be materially and adversely affected.

Our business may be impacted by geopolitical tensions, war, terrorism, public health issues, natural disasters and other business interruptions.

War, terrorism, geopolitical tensions, public health issues and other business interruptions could cause damage or disruption to international commerce and the global economy, and thus could have a material adverse effect on us, our customers and suppliers. Our business operations are subject to interruption by, among others, natural disasters, whether as a result of climate change or otherwise, fire, power shortages and other industrial accidents, terrorist attacks and other hostile acts, labor disputes, public health issues, demonstrations or strikes and other events beyond our control. Such events could decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers, or to receive materials from our suppliers, and create delays and inefficiencies in our supply chain. In the event of a natural disaster or major public health issue, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume operations.

We may from time to time become a party to litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings.

We may from time to time be subject to various litigation, arbitration, legal or contractual disputes, claims, or administrative proceedings in the ordinary course of our business, including, but not limited to, various disputes with or claims from our consumers, suppliers, customers, business partners and other third parties. Ongoing or threatened litigation, arbitration, legal or contractual disputes, claims or administrative proceedings may divert our management's attention and other resources. Furthermore, any litigation, arbitration, legal or contractual disputes, claims or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors such as the subject matter of the disputes, the likelihood of loss, the monetary amount at stake and the parties involved. If any adverse verdict, judgment or award is rendered against us or if we settle with any third parties, we may be required to pay significant monetary damages or assume other liabilities. In addition, negative publicity arising from litigation, legal or contractual disputes, claims or administrative proceedings may damage our reputation and have a material and adverse impact on our business, results of operations and financial condition.

There is no assurance that we will not be subject to any litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings in the future. If any of those happens, our business, results of operations and financial condition may be materially and adversely affected.

We face risks in relation to inability to obtain and maintain the approvals, licenses and permits required for our operations.

We are required to maintain various approvals, licenses and permits in order to operate our business. These approvals, licenses and permits are granted upon satisfactory compliance with, among other things, the applicable laws and regulations. Also, they may be valid only for a fixed period of time and subject to renewal and accreditation.

We may experience difficulties, delays, or failures in obtaining the necessary approvals, licenses and permits for our businesses. In addition, there can be no assurance that we will be able to obtain or renew all of the approvals, licenses and permits required for our existing business operations in a timely manner, or at all. If we fail to obtain and/or maintain required approvals, licenses, or permits, our ongoing business could be interrupted, and our expansion plan may be delayed.

Complying with government regulations may require substantial expenses, and any non-compliance may expose us to liability. In case of any non-compliance, we may have to incur significant expenses, and divert substantial management time and resources to resolving any deficiencies. We may also experience negative publicity arising from such deficiencies, which could have a material and adverse impact on our business, results of operations and financial condition.

Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities.

We collect and store business and transaction data generated during or in connection with our business operations, including our business and transactions with our customers, suppliers and business partners. The secure maintenance of such data is critical. We process data in compliance with the applicable legal requirements to ensure data security. Our operations are subject to a variety of laws and regulations concerning data privacy and security. Failure to comply with the increasing number of data protection laws in the PRC, as well as the data security and privacy laws in other jurisdictions where we operate, could result in significant reputational damage and adversely affect our business performance. Our efforts to ensure the compliance with those laws, regulations and standards may not always be sufficient or effective. Any improper handling of our business and transaction data as a result of any misconduct by our employees or any information leakage due to external factors, such as unauthorized access to our database by hackers, could result in non-compliance with relevant laws and regulations, and in turn result in civil or regulatory liabilities which may subject us to significant legal, financial and operational consequences. The unauthorized access, loss, or misuse of data could lead to increased security costs, damage to our reputation, regulatory proceedings, litigation, fines, investigations, remediation efforts, indemnification expenditures, and disruptions to our business activities. Such incidents may also result in additional costs associated with defending against legal claims. Concerns from our customers, employees, and third parties, even if unfounded, may also have a detrimental impact on our reputation and operations.

Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions.

Companies operating in the PRC have to participate in various employee benefit plans required by the government, including certain social insurance, housing provident funds and other welfare-oriented payment obligations. The requirement and implementation of employee benefit plans may vary considering the different levels of economic development in different locations in the PRC, and the relevant government authorities may examine whether an employer has made adequate payments of the requisite employee benefit payments, employers who fail to make adequate payments as required may be subject to late payment fees, fines and/or other penalties. There is no assurance that our historical and current practice will at all times be deemed in full compliance with relevant laws and regulations by government authorities. In the event of any such non-compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and regulations. See "Business — Employees — Social Insurance and Housing Provident Funds." According to the applicable laws and regulations, the competent government authorities may demand us to take rectification measures. If we fail to take the measures as demanded, we may be subject to fines. See "Regulatory Overview — Regulatory Environment in the PRC — Regulations on Labour and Employment." As of the Latest Practicable Date, no competent governmental authorities had imposed administrative action, fine or penalty to us nor had any competent governmental authorities required us to settle the outstanding amount of social insurance payments and housing provident fund contributions. We cannot assure you that we will not be subject to fines and penalties in relation to our failure to make social insurance and housing provident fund contributions in full for our employees. Our business, reputation and results of operations may be adversely affected.

During the Track Record Period, we engaged a third-party human resources agency to pay social insurance premium and housing provident funds for certain of our employees. Pursuant to the PRC laws and regulations, we are required to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. The contributions to social insurance premium and housing provident funds made through third-party accounts may not be viewed as fully compliance, and as a result, we may be required by competent governmental authorities to pay the outstanding amounts. Pursuant to the agreements entered into between such a third-party human resources agency and us, the agency has the obligation to pay social insurance premium and housing provident funds for our relevant employees. The third-party human resources agency has confirmed in writing that they have paid such full contributions. During the Track Record Period and up to the Latest Practicable Date, we had not received any administrative penalty or labour arbitration application from employees for their agency arrangement with the third-party human resources agency. In addition, if such human resource agency fails to pay the social insurance premium or housing provident funds for and on behalf of our employees in full as required by applicable PRC laws and regulations, we may also be subject to additional contributions, late payment fees and/or penalties imposed by the relevant PRC governmental authorities for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify. This in turn may adversely affect our financial condition and results of operations. We cannot assure you that we would not be required to make additional payments or be subject to penalties or liabilities in relation to our existing practise.

Furthermore, on July 31, 2025, the PRC Supreme People's Court promulgated the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), (the "New Judicial Interpretation"), which took effect on September 1, 2025. According to the Article 19(1) of the New Judicial Interpretation, if an employer and an employee agree or the employee undertakes that social insurance contributions need not to be paid, the court shall deem such agreement or undertaking invalid. Where an employer fails to pay social insurance contributions in accordance with the law, and the employee seeks to terminate the labor contract and claims economic compensation from the employer pursuant to Article 38(3) of the PRC Labor Contract Law, the court shall support such claims, in which case, the employer remains liable for paying economic compensation (calculated based on the number of years of employment multiplied by the monthly salary) to the employee, notwithstanding any prior agreement to waive social insurance contributions. As advised by our PRC Legal Adviser, in the absence of material employee complaints, reports or related lawsuits/arbitrations, the likelihood for us of being subject to centralized collection of underpaid contributions or significant administrative penalties as a result of the New Judicial Interpretation is remote. See "Business — Employees — Social Insurance and Housing Provident Funds." However, if the relevant PRC authorities hold a different view with us and determine that we are not in compliance with the New Judicial Interpretation, the financial and business performance of the Company may be adversely affected.

Our PRC Legal Advisor is of the opinion that, taking into account of the applicable laws and regulations, recent policies regarding the recovery of social insurance arrears, and the interpretation the Supreme People's Court, government-issued credit reports for the Company and its principal PRC subsidiaries, conformation and undertakings from the Company and relevant parties etc., provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no major employee complaints, reports or related lawsuits/arbitrations are filed, we and our major subsidiaries in PRC face a remote risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund.

In addition, as the interpretation and implementation of the Labor Contract Law, the Social Insurance Law and other labor related regulations are evolving, we cannot assure you that our employment practice do not and will not violate labor-related laws and regulations in the PRC, which may subject us to labor disputes or government investigations, we cannot assure that such risks we may be exposed to will not adversely affect our reputation, business, results of operations and financial condition or otherwise divert our resources in handling any lawsuits, legal proceedings or complaints.

Failure to register our lease agreements can result in penalties.

We currently lease several premises in China. Under the PRC laws and regulations, lease agreements in general are required to be registered with the local land and real estate administration bureau. The lease agreements for some of our leased properties in China have not been registered with the relevant PRC government authorities. See "Business — Properties — Leased Properties." We may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. As of the Latest Practicable Date, we had not registered six lease agreements for our major leased properties. If we receive notice from the relevant PRC government authorities requiring us to complete the registration within the prescribed time frame and if we fail to do so, the maximum aggregate amount of potential administrative penalties we would be subject to for the six lease agreements is RMB60,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors.

We have awarded and may continue to award equity instruments under equity incentive plans, which may cause shareholding dilution to our Shareholders and result in increased share-based compensations.

We adopted the Share Incentive Plans during the Track Record Period. See "Appendix IV — Statutory and General Information — Share Incentive Plans." In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded share-based compensations of RMB203.2 million, RMB97.1 million, RMB159.0 million, RMB64.8 million and RMB84.1 million, respectively. To further incentivize our employees, we may adopt other equity incentive plans and award additional equity incentives in the future. Issuance of Shares with respect to our equity incentive plan may dilute the shareholding of our existing Shareholders and incur substantial share-based compensations that could have a material and adverse impact on our results of operations.

Our insurance coverage may be insufficient to cover all of our potential losses.

We maintain insurance policies to cover product liabilities, general liabilities and product recall. In addition, we have purchased a number of property-related insurance policies covering our facilities, machinery, equipment, inventories and other assets. We cannot assure you that our insurance will provide adequate coverage for all the risks in connection with our business operations. If we were to incur substantial losses and liabilities that are not covered by our insurance policies, we may be required to bear our losses to the extent that our insurance coverage is insufficient. As a result, we could suffer significant costs and diversion of our resources, which could have a material and adverse impact on our business, results of operations and financial condition.

RISKS RELATING TO THE JURISDICTION IN WHICH WE OPERATE

Changes in economic, political or social conditions or government policies in the markets in which we operate could have a material adverse effect on our business and results of operations.

We operate our business in Chinese Mainland and overseas. Accordingly, our business, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in these markets. Geopolitical, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, inflation and the availability and cost of capital and credit have been and will continue to affect the markets where we operate. In some of these markets, governments continue to play a significant role in regulating industry development by imposing industrial policies. Additionally, we are a company incorporated under the PRC laws and a majority of our assets are located in Chinese Mainland, our financial condition, results of operations and prospects are subject to economic, political, and legal developments in China. Any changes in the global or local economy in the markets in which we operate may materially and adversely affect our business, results of operations and financial condition.

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

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

We may be subject to additional regulatory requirements under new laws and regulations on overseas offerings and listings issued by PRC government authorities.

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies. See "Regulatory Overview — Regulations on Securities and Filing for Overseas Listing."

On February 24, 2023, the CSRC, the MOF, the National Administration of State Secrets Protection of China, and the National Archives Administration of China published the Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Archives Rules**"), which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic enterprises, either in direct or indirect form, such domestic enterprises, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. The interpretation and implementation of the Archives Rules may keep evolving, failure to comply with which may materially affect our business, results of operations or financial conditions.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities.

We cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. If it is determined in the future that approval from or filing with the CSRC or other regulatory authorities or other procedures are required, we may fail to obtain such approval, perform such filing procedures or meet such other requirements in a timely manner or at all. We may face sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC approval or other government authorization, or perform filing procedures, for our future financing activities, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside the PRC, delay or restrict the repatriation of the proceeds from such future financing activities into the PRC or take other actions to restrict our financing activities, which could have a material and adverse effect on our financial conditions and business prospects.

We are subject to the currency exchange regulatory system.

The conversion of Renminbi is subject to applicable laws and regulations in the PRC. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange regulatory system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange business.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to pay dividends to shareholders or to satisfy any other foreign exchange requirements, capitalize our capital expenditure plans, and even our results of operations, financial performance and business prospects may be affected.

The preferential tax treatments granted by the PRC government may become unavailable.

During the Track Record Period, we were subject to certain preferential tax rates. See "Financial Information — Principal Components of Results of Operations," and note 7 to "Appendix I — Accountants' Report." We cannot assure you that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy or will be entitled to enjoy will not be canceled. Moreover, we cannot assure you that our PRC subsidiaries will be able to renew the same preferential tax treatments upon expiration. If any such change, cancelation or discontinuation of preferential tax treatment occurs, the relevant PRC subsidiary will be subject to the PRC enterprise income tax, at a rate of 25% on taxable income. As a result, the increase in our tax charge could lead to a material and adverse impact on our results of operations and financial condition.

RISKS RELATING TO THE GLOBAL OFFERING

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

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

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

Our A Shares are listed and traded on the Shanghai Stock Exchange. 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 Stock Exchange. Under current laws and regulations of PRC, 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.

Prior to the completion of the Global Offering, there has been no public market for our H Shares. There can be no guarantee that an active trading market for our H Shares will develop or be sustained after the completion of the Global Offering. The Offer Price is the result of negotiations between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. The market price of our H Shares may drop below the Offer Price at any time after completion of the Global Offering.

The trading volume and market price of our H Shares may be volatile, which may result in substantial losses for investors subscribing for or purchasing our H Shares pursuant to the Global Offering.

The trading price of our H Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese Mainland that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our H Shares. A number of Chinese Mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies has experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward Chinese Mainland-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the price of our Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our H Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and significant dilution and may face further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price that is lower than the net tangible asset value per Share at that time.

There can be no assurance that we will declare and distribute any amount of dividend in the future.

We have declared dividends in the past. 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 PRC laws, the payment of dividends may be subject to certain limitations. The calculation of our profit under applicable accounting standards differs in certain respects from the calculation under IFRS Accounting Standards. As a result, we may not be able to pay a dividend in a given year even if we were profitable as determined under IFRS Accounting Standards. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the PRC laws and regulations and require approval at our shareholders' meeting. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution.

The dividends payable to investors and gains on the sale of our H Shares by our investors are subject to PRC tax.

Under applicable PRC tax laws, regulations and statutory documents, non-PRC resident individuals and enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-PRC individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments. Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. However, withholding tax on distributions paid by us to non-PRC individuals may be imposed at other rates pursuant to applicable tax treaties (and up to 20% if no tax treaty is applicable) if the identity of the individual holder of H shares and the tax rate applicable thereto are known to us. There is uncertainty as to whether gains realized upon disposition of H shares by non-PRC individuals are subject to PRC individual income tax.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to PRC EIT at the rate of 10% on dividends received from PRC companies and gains realized upon disposition of equity interests in the PRC 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 the PRC and the jurisdiction where the non-resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). 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, and payment of 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 holders of H shares through the sale or transfer by other means of H shares.

There remains significant uncertainty as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax or EIT on gains derived by holders of our H Shares from their disposition of our H Shares may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected.

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 PRC. As a result, from time to 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 the 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 prospectus. As a result, prospective investors in the H Shares should be reminded that, in making their investment decisions as to whether to purchase the H Shares, they should rely only on the financial, operating and other information included in this prospectus. By applying to purchase the H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

Certain statistics contained in this prospectus are derived from official government sources.

This prospectus, particularly the section headed "Industry Overview," contains information and statistics relating to the semiconductor industry in China and internationally. Certain information and statistics have been derived from various official governments resources. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. The information and statistics from official government sources have not been independently verified by the Company, the Joint Sponsors, the Overall Coordinators, the Sponsor-OC, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective Directors, executive officers or representatives or any other person involved in the Global Offering and no representation is given as to their accuracy. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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

There have been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us, our business, our industry and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. None of us, the Joint Sponsors, the Overall Coordinators, the Sponsor-OC, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media coverage, or accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication.

Accordingly, prospective investors should not rely on any such information or publication in making their decision whether to invest in our H Shares. Prospective investors are reminded that, in making their investment decisions as to whether to purchase our Shares, they should rely only on the financial, operational, and other information included in this prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus.

In preparation of the Global Offering, the Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from the CWUMPO.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Listing Rules provide that a new applicant for listing on the Stock Exchange must have a sufficient management presence in Hong Kong and, under normal circumstances, at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, the new applicant's arrangements for maintaining regular communication with the Stock Exchange.

The Company's headquarters are based, and most of the business operations of the Group, are managed and conducted in the PRC. The executive Directors ordinarily reside in the PRC, as the Board believes it would be more effective and efficient for the executive Directors to be based in a location where the Group's substantial operations are located. As such, the Company does not and, in the foreseeable future, will not be able to comply with the requirements of Rules 8.12 and 19A.15 of the Listing Rules for sufficient management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules, provided that the Company implements the following arrangements:

(i) the Company has appointed Mr. Hu Hong and Ms. Wong Wai Yee, Ella ("**Ms. Wong**") as the authorized representatives of the Company (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. The Authorized Representatives will serve as the Company's principal channel of communication with the Stock Exchange. They can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange and will also be available to meet with the Stock Exchange to discuss any matters on short notice. The contact details of the Authorized Representatives have been provided to the Stock Exchange;

(ii) all the Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including office phone numbers, mobile phone numbers (if any) and email addresses, to the Authorized Representatives and to the Stock Exchange, so that each of the Authorized Representatives and the Stock Exchange would be able to contact all the Directors (including the independent non-executive Directors) promptly at all times if and when the Stock Exchange wishes to contact the Directors;

(iii) the Company has appointed Altus Capital Limited as its Compliance Advisor for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of the Company's financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier. The Compliance Advisor will act as the Company's additional and alternative channel of communication with the Stock Exchange, and its representatives will be readily available to answer enquiries from the Stock Exchange; and

(iv) the Company has appointed designated staff members as the responsible communication officers at the Company's headquarters to oversee regular communication with the Authorized Representatives and the Company's professional advisors in Hong Kong, including its legal advisors and the Compliance Advisor, keep abreast of any correspondence and/or inquiries from the Stock Exchange and report to the executive Directors, streamlining communication between the Stock Exchange and the Company following the Listing.

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 his or her academic or professional qualifications or relevant experiences, 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 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); and

(iii) a certified public accountant (as defined in the Professional Accountants Ordinance).

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

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

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

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

(iv) professional qualifications in other jurisdictions.

The Company has appointed Ms. Dong Lingyan ("**Ms. Dong**") as one of the joint company secretaries. Ms. Dong joined the Group in June 2024. She currently also holds the position of the Board secretary of the Company. See "Directors and Senior Management" in this prospectus for further biographical details of Ms. Dong. Although Ms. Dong does not possess the qualifications set out in Rule 3.28 of the Listing Rules, the Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have Ms. Dong as its joint company secretary who is familiar with the Group's internal operation and management and possesses professional knowledge and experience in handling corporate governance and compliance, legal affairs and public relationship related matters. The Company has also appointed Ms. Wong to act as the other joint company secretary to assist Ms. Dong in discharging the duties of a company secretary of the Company. Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom and is therefore qualified under Rule 3.28 of the Listing Rules to act as a joint company secretary of the Company. See "Directors and Senior Management" for further biographical details of Ms. Wong.

Since Ms. Dong does not possess the formal qualifications required of a company secretary under Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange 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 period of three years from the Listing Date on the following conditions: (i) Ms. Dong must be assisted by Ms. Wong who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the waiver period; and (ii) the waiver can be revoked with immediate effect in the event of a material breach of the Listing Rules by the Company or Ms. Wong ceases to provide assistance to Ms. Dong during the waivor period.

In support of the waiver application, the Company has adopted, or will adopt the following arrangements:

(i) in preparation of the application of the Listing, Ms. Dong has attended training on the respective obligations of the Directors, senior management and the Company under the relevant Hong Kong laws and the Listing Rules organised by the Hong Kong legal advisor to the Company;

(ii) Ms. Wong will work closely with Ms. Dong to jointly discharge the duties and responsibilities as the joint company secretaries and to assist Ms. Dong in acquiring the relevant experience as required under the Listing Rules for an initial period of three years from the Listing Date, a period which should be sufficient for Ms. Dong to acquire the relevant experience as required under the Listing Rules;

(iii) the Company will ensure that Ms. Dong continues to have access to the relevant training and support in relation to the Listing Rules and the duties required for a company secretary of an issuer listed on the Stock Exchange. Furthermore, both Ms.

Dong and Ms. Wong will seek advice from the Company's Hong Kong legal and other professional advisors as and when required. Ms. Dong also undertakes to take no less than 15 hours of relevant professional training in each financial year of the Company; and

(iv) at the end of the three-year period, the qualifications and experience of Ms. Dong and the need for on-going assistance of Ms. Wong will be further evaluated by the Company. The Company will then endeavour to demonstrate to the Stock Exchange's satisfaction that Ms. Dong, having had the benefit of the assistance of Ms. Wong for the immediately preceding three years, has acquired the relevant experience (within the meaning of Note 2 to Rule 3.28 of the Listing Rules) such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary. The Company understands that the Stock Exchange may revoke the waiver if Ms. Wong ceases to provide assistance to Ms. Dong during the three-year period.

Prior to the expiry of the three-year period, the Company will demonstrate to the Stock Exchange that Ms. Dong, having had the benefit of the assistance of Ms. Wong for the immediately preceding three years, has acquired the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules such that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

WAIVER AND EXEMPTION IN RESPECT OF THE DISCLOSURE REQUIREMENTS IN RELATION TO THE STOCK OPTION INCENTIVE PLANS

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

(i) Rule 17.02(1)(b) of the Listing Rules stipulates that all material terms of a scheme must be clearly set out in this prospectus. The Company is also required to disclose in this prospectus 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;

(ii) Paragraph 27 of Appendix D1A to the Listing Rules requires the Company to set out in this prospectus particulars of any capital of any member of the Group that is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee; and

(iii) Paragraph 10 of Part I of the Third Schedule to the CWUMPO requires the Company to disclose, amongst others, details of the number, description and amount of any Shares in or debentures of the 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 this 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.

The Company and its subsidiaries may, from time to time, adopt share incentive plans. For details of the Stock Option Incentive Plans which may involve the issuance of new A Shares, see section headed "Appendix IV — Statutory and General Information — Share Incentive Plans."

As of the Latest Practicable Date, the Company had granted 10,337,809 outstanding options under the Stock Option Incentive Plans to 968 grantees who are employees of the Group, including six Directors, members of senior management and other connected persons of the Company and 962 other employees of the Group, entitling them to subscribe for an aggregate of 10,337,809 A Shares. As of the Latest Practicable Date, among the outstanding options, 2,539,200 were held by six Directors, members of senior management and other connected persons of the Company and 7,798,609 were held by 962 other employees of the Group. The Shares underlying the granted options represent 1.48% of the total issued share capital of the Company immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans).

The Company has 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 the 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 the Company and the exemption would not prejudice the interests of the investing public for the following reasons:

(i) given that 962 grantees (who are not Directors, senior management or other connected persons of the Company) are involved for the grant of outstanding options, strict compliance with such disclosure requirements in setting out full details of all the grantees under the Stock Option Incentive Plans in this prospectus would be costly and unduly burdensome for the Company in light of a significant increase in cost and timing for information compilation and prospectus preparation. For example, the Company would need to collect and verify the addresses of a large number of grantees to meet the disclosure requirement;

(ii) 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 the Group. The 962 grantees who are not Directors, senior management or other connected persons of the Company have been granted options entitling them to subscribe for an aggregate of 7,798,609 A Shares, representing 1.12% of the total issued share capital of the Company immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), which is not material in the circumstances of the Company;

(iii) there will not be any new H Shares issued under the Stock Option Incentive Plans as such Stock Option Incentive Plans are A-share incentive schemes;

(iv) non-compliance with the above disclosure requirements would not prevent the Company from providing its potential investors with an informed assessment of the activities, assets, liabilities, financial position, management and prospects of the Company; and

(v) material information relating to the A Shares under the Stock Option Incentive Plans has been disclosed in the section headed "Appendix IV — Statutory and General Information — Share Incentive Plans" in this prospectus 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:

(a) a summary of the latest terms of the Stock Option Incentive Plans;

(b) the aggregate number of Shares subject to the options and the percentage in the total issued share capital of the Company of which such number represents;

(c) the dilutive effect and the impact on earnings per Share upon full exercise of the options immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised);

(d) full details of the options granted by the Company to Directors, senior management and other connected persons of the Company, as well as other grantees who have been granted options to subscribe for an aggregate number of 89,520 or more A Shares, on an individual basis, are disclosed in this prospectus, 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 I of the Third Schedule to the CWUMPO;

(e) with respect to the options granted to other grantees (other than those referred to in (d) above), disclosure are made on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (i) less than 5,001 A Shares, (ii) 5,001 to 10,000 A Shares, (iii) 10,001 to 20,000 A Shares, (iv) 20,001 to 30,000 A Shares and (v) 30,001 to 89,519 A Shares. For each lot of A Shares, the following details are disclosed in this prospectus, including (1) the aggregate number of grantees and the number of Shares subject to the options; (2) the consideration (if any) paid for the grant of the options; and (3) the exercise period of the options and the exercise price for the options; and

(f) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively.

The Company has 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 the Stock Option Incentive Plans granted by the Company to each of the Directors, members of senior management and other connected persons of the Company, as well as other grantees who have been granted options to subscribe for an aggregate number of 89,520 or more A Shares, will be disclosed in the section headed "Appendix IV — Statutory and General Information — Share Incentive Plans" as required under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules, and paragraph 10 of Part I of the Third Schedule to the CWUMPO;

(ii) in respect of the options under the Stock Option Incentive Plans granted to grantees other than those referred to in sub-paragraph (i) above, disclosure will be made, on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (i) less than 5,001 A Shares, (ii) 5,001 to 10,000 A Shares, (iii) 10,001 to 20,000 A Shares, (iv) 20,001 to 30,000 A Shares and (v) 30,001 to 89,519 A Shares. For each lot of A Shares, the following details are disclosed in this prospectus, including (1) the aggregate number of grantees and the number of Shares subject to the options; (2) the consideration (if any) paid for the grant of the options; and (3) the exercise period of the options and the exercise price for the options;

(iii) aggregate number of Shares underlying the options granted under the Stock Option Incentive Plans and the percentage to the total issued share capital of the Company represented by such number of Shares as of the Latest Practicable Date;

(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 IV — Statutory and General Information — Share Incentive Plans";

(v) a summary of the major terms of the Stock Option Incentive Plans will be disclosed in the section headed "Appendix IV — Statutory and General Information — Share Incentive Plans";

(vi) full lists of all the grantees who have been granted options to subscribe for A Shares 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 be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display — Documents Available for Inspection" in Appendix V;

(vii) the grant of a certificate of exemption under the CWUMPO from the SFC exempting the 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 prospectus.

The Company has 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 the Stock Option Incentive Plans granted by the Company to each of the Directors, members of senior management and other connected persons of the Company, as well as other grantees who have been granted options to subscribe for an aggregate number of 89,520 or more A Shares, will be disclosed in the section headed "Appendix IV — Statutory and General Information — Share Incentive Plans" as required under paragraph 10 of Part I of the Third Schedule to the CWUMPO;

(ii) in respect of the options under the Stock Option Incentive Plans granted to grantees other than those referred to in sub-paragraph (i) above, disclosure will be made, on an aggregate basis, categorized into lots based on the number of A Shares underlying each individual grantee, being (i) less than 5,001 A Shares, (ii) 5,001 to 10,000 A Shares, (iii) 10,001 to 20,000 A Shares, (iv) 20,001 to 30,000 A Shares and (v) 30,001 to 89,519 A Shares. For each lot of A Shares, the following details are disclosed in this prospectus, including (1) the aggregate number of grantees and the number of Shares subject to the options; (2) the consideration (if any) paid for the grant of the options; and (3) the exercise period of the options and the exercise price for the options;

(iii) full lists of all the grantees who have been granted options to subscribe for A Shares under the Stock Option Incentive Plans containing all the particulars as required under 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 — Documents Available for Inspection" in Appendix V; and

(iv) the particulars of the exemption will be disclosed in this prospectus which will be issued on or before Wednesday, December 31, 2025.

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

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

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled. Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Prior to the Listing, the Company's share capital comprises entirely A Shares listed on the Shanghai Stock Exchange. The Company has a large and widely dispersed public A Share shareholder base.

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

(a) the Joint Sponsors confirm that each Existing Minority Shareholder to whom the Company may allocate the H Shares in the International Offering holds less than 5% of the total number of A Shares in issue of the Company before Listing;

(b) the Joint Sponsors confirm that each Existing Minority Shareholder is not, and will not be, a core connected person of the Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) the Joint Sponsors confirm that none of the Existing Minority Shareholders have the right to appoint a Director and/or have any other special rights;

(d) the Joint Sponsors confirm that allocation to the Existing Minority Shareholders or their close associates will not affect the Company's ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08 (as replaced by 19A.13A(2)(b)) of the Listing Rules or otherwise approved by the Stock Exchange;

(e) the Joint Sponsors confirm to the Stock Exchange in writing that based on (a) their discussions with the Company and the Overall Coordinators; and (b) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators (confirmations (f) and (g) 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 the 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 who participate as cornerstone investors or placees holding more than 1% of the 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;

(f) the Company will confirm to the Stock Exchange in writing that:

(i) 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 the 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

(ii) 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 the Company in any allocation in the placing tranche;

(g) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with the Company in any allocation in the placing tranche.

WAIVER IN RESPECT OF INVESTMENTS AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountants' 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.

Pursuant to Rule 4.02A of the Listing Rules, acquisitions of business include acquisitions of associates and any equity interest in another company. Pursuant to Note 4 to Rule 4.04 of the Listing Rules, the Stock Exchange may consider granting a waiver of the requirements under Rules 4.04(2) and 4.04(4) on a case-by-case basis, and having regard to all relevant facts and circumstances and subject to certain conditions set out thereunder.

After the Track Record Period and up to the Latest Practicable Date, the Company subscribed for 947,357 A shares of Maxone Semiconductor (Suzhou) Co., Ltd. (強一半導體(蘇州)股份有限公司, 688809.SH, "**Maxone**") in its initial public offering and listing on the STAR Market of the Shanghai Stock Exchange at a consideration of approximately RMB81 million, representing approximately 0.73% of the enlarged share capital of Maxone (the "**Maxone Investment**").

Maxone is principally engaged in research, development, design, production and sale of probe cards, which is one of the core hardware for wafer testing. According to the public available financial information of Maxone prepared in accordance with the PRC GAAP, the profit before tax of Maxone amounted to approximately RMB18.2 million and RMB258.6 million for the years ended December 31, 2023 and 2024, respectively, and the net profits of Maxone amounted to approximately RMB18.7 million and RMB233.1 million for the years ended December 31, 2023 and 2024, respectively. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Maxone and its ultimate beneficial owner is an Independent Third Party.

The Company believes that the Maxone Investment is in line with the Group's investment policy to make equity investments in companies that are synergistic to the Group's business. Accordingly, the Company believes that the Maxone Investment will be fair and reasonable and in the interests of the Company and the Shareholders as a whole. There is no side arrangement or agreement between the Company and Maxone with respect to the Maxone Investment. The considerations for the Maxone Investment will be satisfied by the Group's own source of funds other than the proceeds from the Global Offering.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Maxone Investment on the following grounds:

The requested waiver would not prejudice the interests of the investing public to the Company

(a) The total number of shares of Maxone that the Company subscribed for after the Track Record Period only represented approximately 0.73% of the enlarged share capital of Maxone and all applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules are expected to be less than 5%.

(b) Based on the minority equity investment nature of the Maxone Investment, the Company is not and will not be able to exercise control over Maxone at board or shareholders' level.

(c) The shares of Maxone subscribed for by the Company pursuant to the Maxone Investment will only be accounted for as financial assets, and the financials of Maxone will not be consolidated into the financials of the Company.

(d) The Maxone Investment will not result in any material changes to the Group's financial position since June 30, 2025 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities of the Company's financial position has been included in this prospectus.

As such, the Company considers a waiver from compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investing public to the Company.

It would be impracticable and unduly burdensome to reproduce the relevant information for strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

The Company has no access to the books or records of Maxone for conducting an audit given that the Company will not, as a result of or immediately following the completion of the Maxone Investment, have any control over Maxone, nor will the Company have any representative on or control over its board of directors, or be in a position to consolidate the financials of Maxone.

As the Company will not have sufficient information to prepare the historical financial information of Maxone in accordance with the IFRS Accounting Standards and Maxone has already publicly disclosed its prospectus for the investors, it would be impracticable and unduly burdensome for the Company to reproduce the relevant information required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules for inclusion in this prospectus.

Alternative information has been provided in this prospectus

The Company has disclosed alternative information about the Maxone Investment in this prospectus. Such information includes those which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Directors consider to be material, including, for example, descriptions of the principal business activities of Maxone, the consideration amounts, and a statement as to whether the counterparties are Independent Third Parties. As such, the Company believes that the current disclosure with respect to the Maxone Investment is adequate for potential investors to form an informed assessment of the Company.

In addition, after the Track Record Period and up to the Latest Practicable Date, the Group has proposed to conduct the following investments (the "**Proposed Investments**"), details of which are set out below:

No.	Name of the target	Total consideration	Approximate percentage of shareholding after completion of the relevant investment	Principal business activities
1	Hefei Kuxin Microelectronics Co., Ltd. (合肥酷芯微電子股份有限公司, "**Hefei Kuxin**")(1)	RMB339 million	12.78%	Design and sales of edge SoC chips
2	Hangzhou Nano-Core Chip Electronic Technology Co., Ltd. (杭州微納核芯電子科技有限公司, "**Nano-Core Chip**")(2)	RMB50 million	3.82%	Design and sales of SRAM-based CIM chips

Notes:

(1) The Company has entered into an investment agreement to subscribe for the increased share capital in Hefei Kuxin and acquire certain share capital held by certain existing shareholders of Hefei Kuxin. The consideration was determined after arm's length negotiations with reference to the financial position and business prospects of Hefei Kuxin. Such investment is subject to the fullfilment of conditions precedent set out in the investment agreement and might not be materialized. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Hefei Kuxin, the relevant counterparties and the ultimate beneficial owners of Hefei Kuxin and the relevant counterparties is an Independent Third Party.

(2) The Company has proposed to subscribe for the increased registered capital in Nano-Core Chip and acquire certain registered capital held by certain existing shareholders of Nano-Core Chip. The consideration was determined after arm's length negotiations with reference to the financial position and business prospects of Nano-Core Chip. Such investment (including the total consideration and the corresponding shareholding in Nano-Core Chip after completion of the investment) is subject to negotiations and adjustments and might not be materialized. To the best knowledge, information and belief of the Directors and having made all reasonable enquiry, each of Nano-Core Chip, the relevant counterparties and the ultimate beneficial owners of Nano-Core Chip and the relevant counterparties is an Independent Third Party.

The Company believes that the Proposed Investments will create synergy effect between the businesses of the Group and the targets and therefore optimize the Group's business development and financial performance. Accordingly, the Company believes that the Proposed Investments will be fair and reasonable and in the interests of the Company and the Shareholders as a whole. There is no side arrangement or agreement between the Company and the relevant counterparties with respect to the Proposed Investments. The considerations for the Proposed Investments, if materialized, will be satisfied by the Group's own source of funds other than the proceeds from the Global Offering. To the best knowledge of the Company, there is no overlap among the ultimate controller(s) of each of Maxone, Hefei Kuxin and Nano-Core Chip.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules in respect of the Proposed Investments on the following grounds:

The percentage ratios of the Proposed Investments are expected to be less than 5% by reference to the most recent fiscal year of the Track Record Period

The applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules for each of the Proposed Investments are expected to be less than 5% by reference to the financial year ended December 31, 2024. Accordingly, the Company does not expect the Proposed Investments to result in any significant changes to its financial position since December 31, 2024, and all information that is reasonably necessary for potential investors to make an informed assessment of the activities or financial position of the Group has been included in this prospectus. As such, the Company considers that a waiver from compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

The historical financial information of the targets is not available and would be unduly burdensome to obtain or prepare

The Company has no access to the books or records of the targets for conducting an audit given that the Company will not, as a result of or immediately following the completion of the Proposed Investments, have any control over the targets, nor will the Company have any control over the targets' boards of directors, or be in a position to consolidate the financials of the targets. As such, the Company believes that it would be impractical and unduly burdensome for the Company to disclose the audited financial information of the targets as required under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules.

In addition, having considered the Proposed Investments to be immaterial and that the Company does not expect the Proposed Investments to have any material effect on its business, financial condition or operations, the Company believes that (i) it would not be meaningful and would be unduly burdensome for it to prepare and include the financial information of the targets during the Track Record Period in this prospectus, and (ii) the non-disclosure of the required information pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the investors.

Ordinary and usual course of business

The targets are engaged in business activities complementary with and closely related to the existing business of the Group. As such, the Proposed Investments, if materialized, are expected to create synergy effect between the businesses of the Group and the targets. The Group has conducted acquisitions and minority investments during the Track Record Period. As a result, the Company is of the view that conducting the Proposed Investments is within its ordinary and usual course of business.

Alternative disclosure of the Proposed Investments in this prospectus

The Company has disclosed alternative information about the Proposed Investments in this prospectus. Such information includes those which would be required for a discloseable transaction under Chapter 14 of the Listing Rules that the Directors consider to be material, including, for example, descriptions of the principal business activities of the targets, the consideration amounts, and a statement as to whether the counterparties are Independent Third Parties. As such, the Company believes that the current disclosure is adequate for potential investors to form an informed assessment of the Company.

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) (other than syndicate member(s)) (collectively, the "**Distributors**", and each a "**Distributor**"), 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.

Huatai Capital Investment Limited ("**HTCI**") has entered into certain cornerstone investment agreements with the Company, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited ("**Huatai**"). HTCI and Huatai Securities Company Limited ("**HTSC**") will enter into a series of cross border delta-one OTC swap transactions (the "**Yuanfeng Asset Management OTC Swaps**" and the "**Greenwoods OTC Swaps**") with each other and their ultimate clients (the "**HTCI Ultimate Client (Yuanfeng Asset Management)**" and the "**HTCI Ultimate Clients (Greenwoods)**"), respectively, pursuant to which HTCI will hold the Offer Shares on a non-discretionary basis to hedge the Yuanfeng Asset Management OTC Swaps and the Greenwoods OTC Swaps, respectively, while the economic risks and returns of the underlying Offer Shares are passed to the HTCI Ultimate Client (Yuanfeng Asset Management) and HTCI Ultimate Clients (Greenwoods). HTCI, HTSC and Huatai, one of the Joint Sponsors, Overall Coordinators and Underwriters of the Global Offering, are members of the same group of companies. Accordingly, HTCI is a connected client of Huatai.

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 HTCI (in connection with the Yuanfeng Asset Management OTC Swaps and the Greenwoods OTC Swaps) 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 HTCI will be held on behalf of independent third parties;

(b) the cornerstone investment agreements of HTCI do not contain any material terms which are more favorable to HTCI than those in other cornerstone investment agreements;

(c) no preferential treatment has been, nor will be, given to HTCI by virtue of its relationship with Huatai, in any allocation of Offer Shares in the International Offering other than the assured entitlement under the cornerstone investment agreements;

(d) HTCI 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 Huatai, other than the assured entitlement under the relevant cornerstone investment agreements;

(e) each of the Company, the Overall Coordinators and HTCI 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.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

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 acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in Chinese Mainland or the U.S..

CSRC FILING

The Company has 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 prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering.

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

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Overall Coordinators. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Company 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 and subject to the terms and conditions of the International Underwriting Agreement. For further details on the Underwriters and the underwriting arrangements, see “Underwriting.”

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

For details of the structure of the Global Offering, including its conditions and the arrangements relating to the Offer Size Adjustment Option, the Over-allotment Option and stabilization, see “Structure of the Global Offering.”

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

The Company has applied to the Stock Exchange for the granting of listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option). Dealings in the H Shares on the Stock Exchange are expected to commence on Tuesday, January 13, 2026. Except for the A Shares that have been listed on the Shanghai Stock Exchange and the Company’s pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of the Company’s Share or debt securities is listed on or dealt in on the Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

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

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

H SHARE REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on the Company's H Share register of members to be maintained in Hong Kong by the H Share Registrar. The Company maintains the register of members at its headquarters in Chinese Mainland, based on certificates provided by the securities registration institution.

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

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 the H Shares. None of the 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 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, the H Shares.

LANGUAGE

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

ROUNDING

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

CURRENCY TRANSLATIONS

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

Unless otherwise specified, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB7.07520 to US$1.00, (ii) the translations between Hong Kong dollars and Renminbi were made at the rate of RMB0.90699 to HK$1.00, and (iii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.78090 to US$1.00.

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

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhu Yiming (朱一明)	44 Exhibition Hall Road Xicheng District Beijing PRC	Chinese
Mr. He Wei (何衛)	Room 1201, Building 1 2 Siyingmen North Road Fengtai District Beijing PRC	Chinese
Mr. Hu Hong (胡洪)	1104, West Unit, Building 16 16 Zhixin Beili Haidian District Beijing PRC	Chinese
Non-Executive Director		
Ms. Wen Tian (文恬)	Building 5 3 Qingnian Road Xili Chaoyang District Beijing PRC	Chinese
Independent Non-Executive Directors		
Mr. Zhou Haitao (周海濤)	5 Zhang Zizhong Road Dongcheng District Beijing PRC	Chinese
Dr. Qian He (錢鶴)	507, Unit 4, Building 16 Hua Yan Li Chaoyang District Beijing PRC	Chinese

Name	Address	Nationality
Ms. Yeung Siuman Shirley (楊小雯)	Room 2802 Pacific Place Apartments 88 Queensway Hong Kong	Chinese (Hong Kong)
Dr. Chen Jie (陳潔)	Room 114, Apartment 22 Weixiu Garden, Peking University Haidian District Beijing PRC	Chinese
Mr. Zheng Xiaodong (鄭曉東)	603, Unit 3, 6/F Building 26, Daliubukou Street Xicheng District Beijing PRC	Chinese

For further details, see "Directors and Senior Management."

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
Sponsor-Overall Coordinator	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong

Legal Advisors to the Company	*As to Hong Kong and U.S. laws:* **Freshfields** 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong *As to PRC law:* **King & Wood Mallesons** 18th Floor, East Tower World Financial Center No. 1 Dongsanhuan Zhonglu Chaoyang District Beijing PRC *As to international export control, sanctions and tariff laws:* **DLA Piper Singapore Pte. Ltd.** 80 Raffles Place #48-01 UOB Plaza 1 Singapore
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Clifford Chance** 27/F, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Zhong Lun Law Firm** 22-24/F & 27-31/F South Tower of CP Center 20 Jin He East Avenue Chaoyang District Beijing PRC

Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504 Wheelock Square No. 1717 West Nanjing Road Shanghai PRC
Receiving Bank	**CMB Wing Lung Bank Limited** 14/F, CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

Registered Office	Room 101, 1/F to 5/F, Building 8 No. 9 Fenghao East Road Haidian District Beijing PRC
Headquarters and Principal Place of Business in the PRC	Room 101, 1/F to 5/F, Building 8 No. 9 Fenghao East Road Haidian District Beijing PRC
Place of Business in Hong Kong	Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Joint Company Secretaries	**Ms. Dong Lingyan (董靈燕)** Room 101, 1/F to 5/F, Building 8 No. 9 Fenghao East Road Haidian District Beijing PRC **Ms. Wong Wai Yee, Ella (黃慧兒)** *(FCG, HKFCG)* Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong

Authorised Representatives	**Mr. Hu Hong (胡洪)** Room 101, 1/F to 5/F, Building 8 No. 9 Fenghao East Road Haidian District Beijing PRC
	Ms. Wong Wai Yee, Ella (黃慧兒) Room 1915, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Audit Committee	Mr. Zhou Haitao (*Chairperson*) Dr. Qian He Ms. Yeung Siuman Shirley
Nomination Committee	Dr. Qian He (*Chairperson*) Dr. Chen Jie Mr. Zheng Xiaodong
Remuneration and Appraisal Committee	Dr. Chen Jie (*Chairperson*) Mr. Zheng Xiaodong Mr. Zhou Haitao
Strategy and Sustainable Development Committee	Mr. Zhu Yiming (*Chairperson*) Dr. Qian He Ms. Yeung Siuman Shirley
Compliance Advisor	**Altus Capital Limited** 21 Wing Wo Street Central Hong Kong
H Share Registrar	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

Principal Banks	**China Merchants Bank Co., Ltd. Beijing Tsinghua Park Science and Technology Finance Sub-Branch** B1G03, 1/F, Building 8 1 Zhongguancun East Road Haidian District Beijing PRC
	Shanghai Pudong Development Bank Co., Ltd. Beijing Xuanwu Sub-Branch 316 Guang An Men Nei Avenue Xicheng District Beijing PRC
Company's Website	**www.gigadevice.com** *(A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus)*

Certain information and statistics set out in this section have been extracted from various official government publications, market data providers and a report commissioned by us and prepared by an independent third party, Frost & Sullivan. The 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, the Capital Market Intermediaries or any of their respective directors, officers, employees, agents, advisers or representatives or any other parties involved in the Global Offering, and no representation is given as to its accuracy, fairness and completeness.

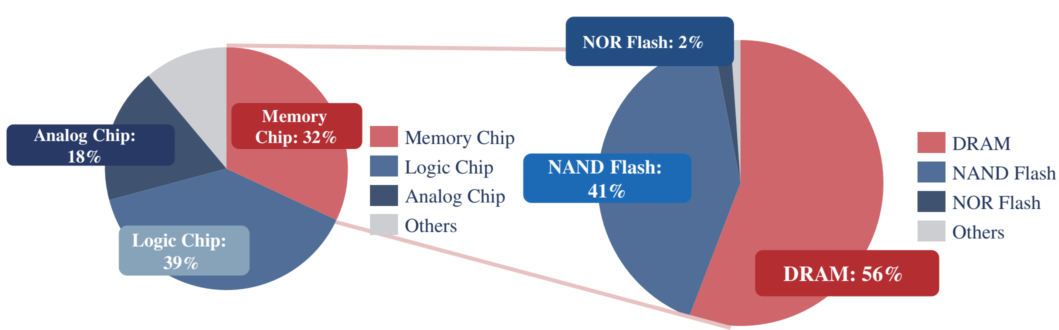
OVERVIEW OF GLOBAL SEMICONDUCTOR INDUSTRY

Definition, Classification and Market Structure of Semiconductors

Semiconductor products are generally divided into three major categories: IC, discrete devices, and optoelectronic devices. Among them, IC are the cornerstone of the semiconductor industry and occupy the largest market share for more than 80% of the total market share of semiconductor industry in 2024.

In the segmented fields of the IC market, the memory chips, logic chips and analog chips are mainstream product categories, collectively accounting for 89% of the total market share of IC in 2024.

Market Share of IC and Memory Chip, Global, 2024

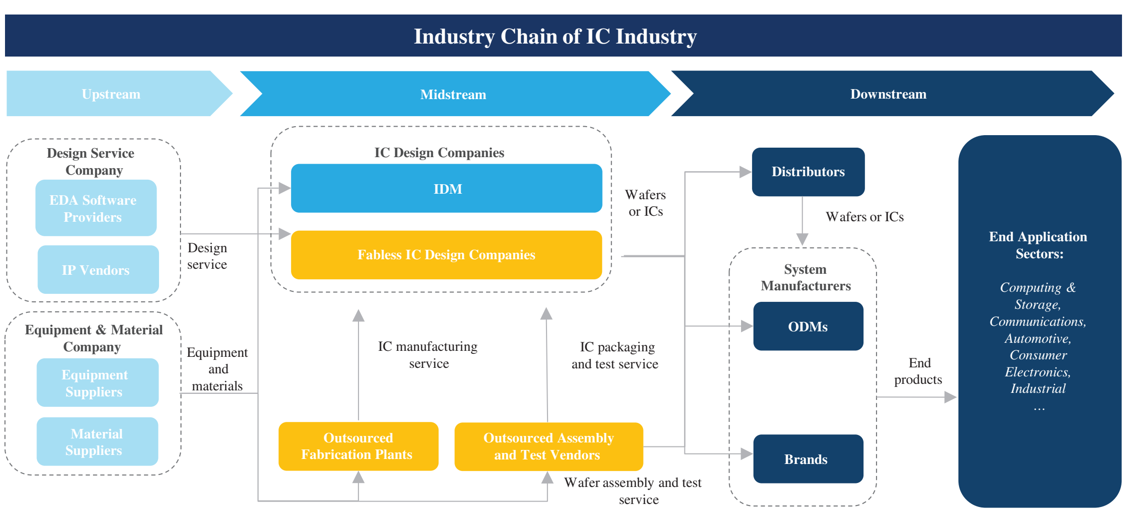


Source: Frost & Sullivan, WSTS

IC Market Value Chain

The upstream of IC market are raw materials (silicon wafers, photoresists, electronic specialty gases, photomasks), electronic design automation (EDA) software (circuit design, layout drawing, and simulation verification), and semiconductor equipment (lithography machines, etching machines, thin-film deposition equipment, testing equipment). The midstream focuses on chip design and manufacturing. Chip design companies design characteristic chip architectures and modules according to the needs of different scenarios such as consumer electronics and automobiles, and can adopt the fabless model to focus on design or the IDM model. At the pricing strategy level, fabless and IDM share similarities. At the technical level, fabless focuses more on the chip design segment, while IDM needs to equally emphasize both design and production. From a business model perspective, fabless enjoys greater operational flexibility due to the absence of its own manufacturing facilities; in contrast, IDM, as it owns manufacturing facilities, needs to bear the depreciation costs of the corresponding production lines and exhibits relatively lower flexibility in terms of production capacity arrangement. In product differentiation, fabless entities feature more agile product iteration and faster market responsiveness, whereas IDMs excel in high-reliability, long-lifecycle chip segments.

Wafer foundries undertake part of the manufacturing needs of fabless enterprises and IDM enterprises, focusing on the chip manufacturing link. OSAT partners are responsible for chip packaging and testing to ensure chip performance and yield. The downstream covers industries such as consumer electronics, automobiles, robots, and communications.



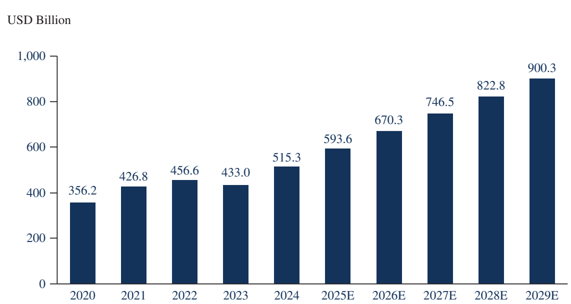
Source: Frost & Sullivan

Market Size of Global IC Market

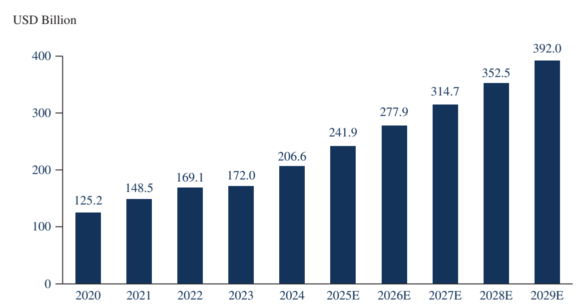
IC, as the most critical segment of the semiconductor industry, have experienced remarkable growth between 2020 and 2024, driven by the rapid development of key sectors such as artificial intelligence and automotive. The global semiconductor industry experienced a downturn during 2022-2023, leading to a marginal contraction in IC market size in 2023. However, by 2024, the IC market began demonstrating uneven recovery patterns across various application segments. The global IC market expanded from USD356.2 billion in 2020 to USD515.3 billion in 2024, with a CAGR of 9.7%. Looking ahead, the market is expected to continue its expansion, reaching USD900.3 billion by 2029.

With the vigorous development and strong demand in domestic downstream markets, the importance of the Chinese market in the global landscape is set to further increase. China's IC market size grew from USD125.2 billion in 2020 to USD206.6 billion in 2024, with a CAGR of 13.3%. This growth trend is projected to persist, with the market size expected to expand to USD392.0 billion by 2029, and its global share is set to rise from 40.1% in 2024 to approximately 43.5%. During this process, the Chinese market is benefiting from multiple industrial opportunities, including the trend of artificial intelligence, 'electrification, intelligence and connectivity' of automotive industry, and the rise of embodied intelligence, continuously consolidating its position as the world's largest single market of semiconductor industry.

Market Size of IC Market (by Revenue), Global, 2020-2029E



Market Size of IC Market (by Revenue), China, 2020-2029E



Source: Frost & Sullivan, IMF, CSIA

Industry Cycle

The business and financial performance of participants in IC market are closely tied to the cyclical nature of the semiconductor industry. This inherent cycle typically comprises recurring phases of expansion, peak, downturn and recovery. The cycle is driven by a variety of factors, including macroeconomic conditions, capital expenditure trends, technology transitions, inventory adjustments, and adjustment in end-market demand and supply structure. Historically, there has been no trend of fixed-duration cycles; instead, their cyclical fluctuations are usually triggered by special events, such as the chip shortage and price surge during the pandemic. In particular,

- from 2021 to 2022, the IC industry experienced a global supply shortage, which was mainly caused by (i) soaring demand from remote work and online learning under the COVID-19 restrictions and new technological trends like EVs and 5G, (ii) supply disruptions from disasters, factory shutdowns and global logistics issues caused by force majeure, geopolitical tension and pandemic, and (iii) slow expansion of production capacity by major manufacturers due to long lead times and market uncertainty. Such supply shortage drove downstream companies to increase their inventory levels in anticipation of the ongoing supply shortages and constraint, which in turn drove the continuous increase in selling prices of the IC products in the market which reached their peak in recent years during that period. However, such accumulation of inventories by downstream companies also resulted in an inventory buildup throughout the supply chain, leading to elevated inventory levels by the end of 2022;

- following the inventory buildup by the end of 2022 as mentioned above, from 2023, the overall semiconductor industry entered into a downturn phase, featured by weakened demand and falling price across different products, primarily driven by destocking of downstream participants; and

- following the continuous destocking, the industry began to show signs of an uneven recovery across certain end markets, while the competition in those markets remain intense primarily due to the recovery and release of production capacity of the upstream manufacturers after the alleviation of the impact from COVID-19 in 2024.

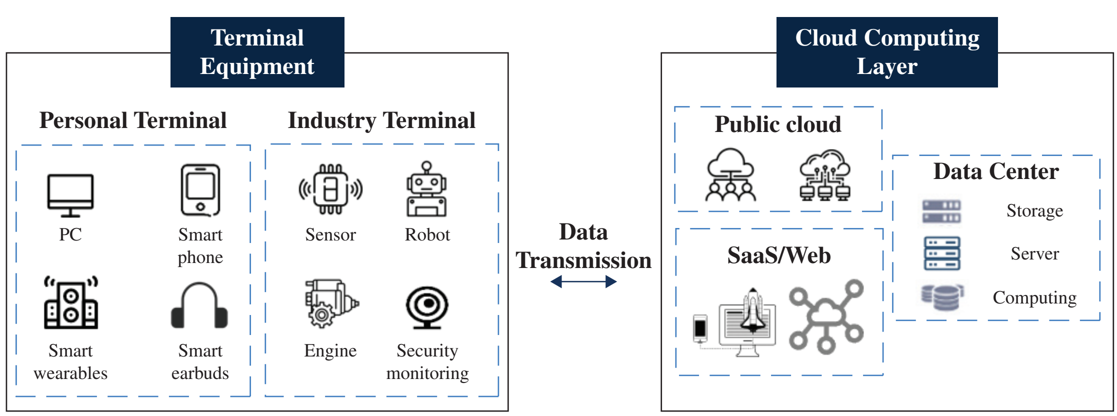
Taking a more granular view, at any given time, different sectors within the semiconductor industry may be at different phases of the cycle, due to the intricate interactions of the various factors mentioned above in different sectors. Therefore, the different sectors of IC industry generally do not exhibit unified cyclicality. For example, due to its high sensitivity to supply-demand dynamics and clear technological iteration rhythm, memory chips exhibit distinct cyclicality, with a historical cycle typically spanning three to five years. This is mainly attributed to the high concentration on the supply side as the commodity memories, which represent the substantial majority of the memory chip market, were dominated by a few global large players. In contrast, specialty memory chips, MCU and analog chips generally show relatively weaker cyclicality. As such, a company with diverse products enjoys the resilience to a certain extent against the industry cycle.

For an IC design house operating under the fabless model, the primary raw material is the wafer, which is manufactured by foundries. The cost of these wafers is closely linked to the broader semiconductor industry cycle as discussed above. Accordingly, wafer prices experienced an increase in 2021, followed by a decline in 2023, and a subsequent rebound in 2024. When setting the prices of their own products, IC design houses typically take into account both historical wafer prices and future price forecasts. As a result, their product pricing tends to move in tandem with fluctuations in wafer costs. However, due to the nature of the manufacturing and supply chain processes, there is usually a time lag before changes in the cost of raw materials are reflected in downstream product costs. This delay occurs because existing inventory, contractual arrangements, and production lead times can buffer the immediate impact of cost changes.

Primary Growth Drivers of Global Semiconductor Industry

AI Development Drives Semiconductor Industry Demand Expansion: Device performance upgrades driven by edge AI applications have led to substantial growth in demand for various memory and computing chips, while real-time decision-making and edge intelligence applications are driving the adoption of high-performance MCU. Additionally, new requirements such as high energy efficiency, high integration, and intelligence are promoting performance upgrades across various analog chips. On the other hand, infrastructure of Cloud AI requires comprehensive upgrades across the semiconductor supply chain. In terms of memory chips, servers need to process petabytes of massive data. As AI model parameters grow exponentially and training datasets continue to expand, demand for memory chips will surge directly.

AI Architectures: Edge and Cloud



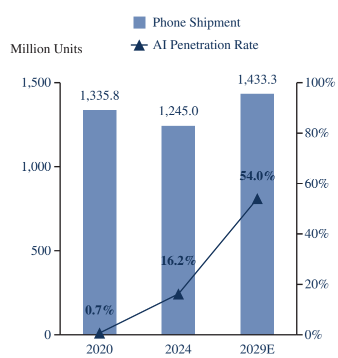
The automotive industry is accelerating its evolution toward electrification, intelligence, and connectivity: In recent years, sales of EV and intelligent vehicles have increased significantly. Their electronic systems are significantly more complex than those of traditional fuel-powered vehicles, with a substantial increase in the number of chips per vehicle, driving up demand for automotive chips. For example, automotive-grade MCU have been widely adopted in critical modules such as ADAS, BMS, electric drive control, and body control, where they perform key functions in real-time control and functional safety. At the same time, electric and intelligent architectures place higher requirements on chips in terms of computing power, energy efficiency, functional safety, and automotive-grade reliability, further driving the continuous increase in the value of chips per vehicle and making them an important source of incremental growth for the semiconductor industry.

High-performance industrial applications continue to upgrade: The accelerated development of industrial automation (such as servo control, robotics, human-machine interaction) and digital energy (such as integrated photovoltaics, energy storage, and charging systems, inverters) is driving the semiconductor industry to upgrade toward higher reliability, greater computing power, and longer lifespan. Industrial scenarios place higher demands on MCU, memory chips, analog chips, etc., requiring compliance with standards such as wide temperature and voltage ranges, strong anti-interference capabilities, high precision, and long-cycle supply.

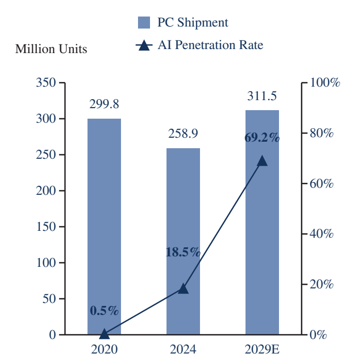
Analysis of Key Applications Driving Global Semiconductor Industry Growth

- ***Consumer electronics: Growth in shipments combined with increased AI penetration***

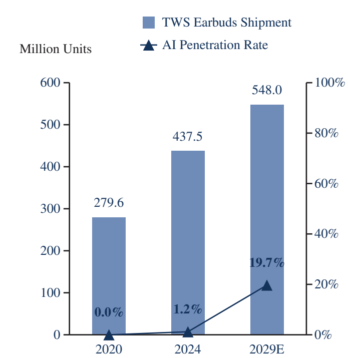
Shipment & AI Penetration Rate of Smartphone, Global, 2020 & 2024 & 2029E



Shipment & AI Penetration Rate of PC, Global, 2020 & 2024 & 2029E



Shipment & AI Penetration Rate of TWS Earbuds, Global, 2020 & 2024 & 2029E



Source: Frost & Sullivan, IMF

The increased penetration of AI is driving upgrades across IC products, particularly for edge AI devices. While the overall shipment volumes of downstream products, such as smartphones, PCs, and TWS earbuds, may fluctuate, the growing integration of AI continues to fuel strong demand for high-quality IC components. In particular, specialty memory chips and high-performance MCU are seeing increased demand, as they are crucial for delivering the enhanced performance, responsiveness and functionality required by AI-enabled applications at the edge.

Consumer electronics is an important application field for semiconductors. Consumer electronic products mainly include mobile phones, PC, wearable devices, etc. AI integration has become the core trend for consumer electronics upgrades, significantly increasing the performance requirements for semiconductor products in terms of computing power, storage capacity, power consumption, and integration density.

Smartphones: As the category with the largest shipment share in consumer electronics, global smartphone shipments reached 1,245.0 million units in 2024 and are projected to grow to 1,433.3 million units by 2029, representing a CAGR of 2.9%.

In the mobile phone sector, NOR Flash is primarily used to store codes for screen display, touch functions, baseband communication, etc. The development of AI mobile phones is expected to further drive the upgrades of its capacity, interface bandwidth and reading speed to meet the high-performance storage requirements of local AI inference.

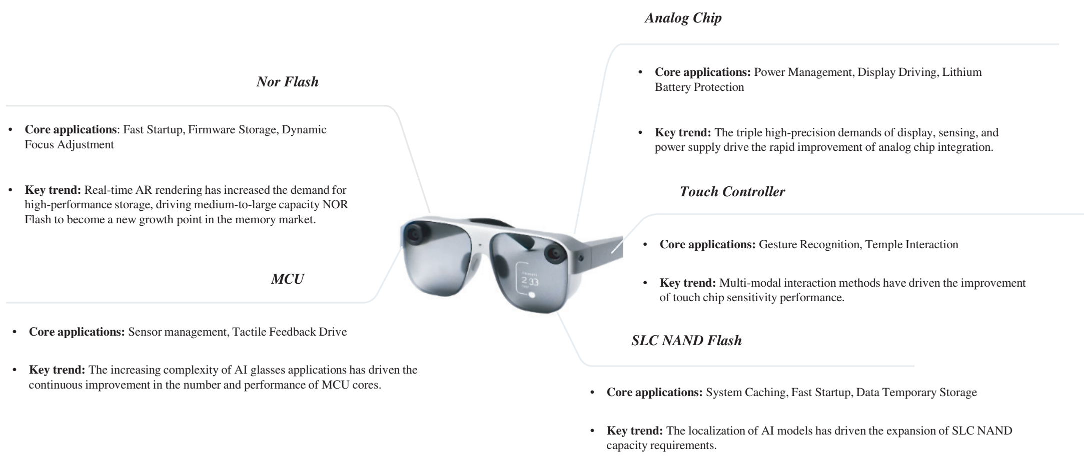
PC: As a key category in consumer electronics, global PC shipments have maintained steady growth. In 2024, worldwide PC shipments reached 258.9 million units and are projected to increase to 311.5 million units by 2029. Driven by the wave of AI intelligence, PC are rapidly evolving into AI PC, integrating AI capabilities to enable on-device large model operation and multi-agent collaboration, transforming into full-scenario AI assistants.

In the PC motherboard sector, NOR Flash with a capacity of 256Mb or higher is now widely used as the storage carrier for BIOS, and there is a continuous trend of increasing capacity. In AI PC products, 512Mb NOR Flash is indispensable to support more complex system initialization, multimodal perception, and local AI functions. In the future, NOR Flash will benefit from the value growth brought by the demand for larger capacities, and the need to deploy AI models locally on PC will also give rise to potential demand for customized memory.

Wearable Devices: In the wave of smart wearable device development, glasses remain one of the few sensory-assistive applications that have not been widely intelligentized, yet they hold enormous potential for intelligence. AI glasses are smart wearable devices capable of realizing real-time translation, AR navigation, and information reminders through voice/gesture interaction. As a breakthrough in the electronification of visual senses, their hardware architecture is centered on a main SoC, with a standard 128-256Mb NOR Flash to ensure rapid system responsiveness. Screen-equipped models require additional small-capacity NOR Flash for display functions, while low-cost products adopt eMCP integrated solutions to reduce costs and accelerate the popularization of consumer-grade products.

Meanwhile, as another key category of wearable devices, AI earbuds are smart earphones capable of achieving real-time translation, noise cancellation optimization, and health monitoring through voice interaction. Global TWS earbuds shipment reached 437.5 million units in 2024 and are projected to grow to 548.0 million units by 2029, with a CAGR of 4.2%. TWS earbuds have clearly demonstrated a trend toward transitioning to AI earbuds, driving a capacity upgrade of NOR Flash from 64Mb to 256Mb.

Application of Memory Chips, MCU, Analog Chip, and Touch Controller Chip in AI Glasses (Schematic)

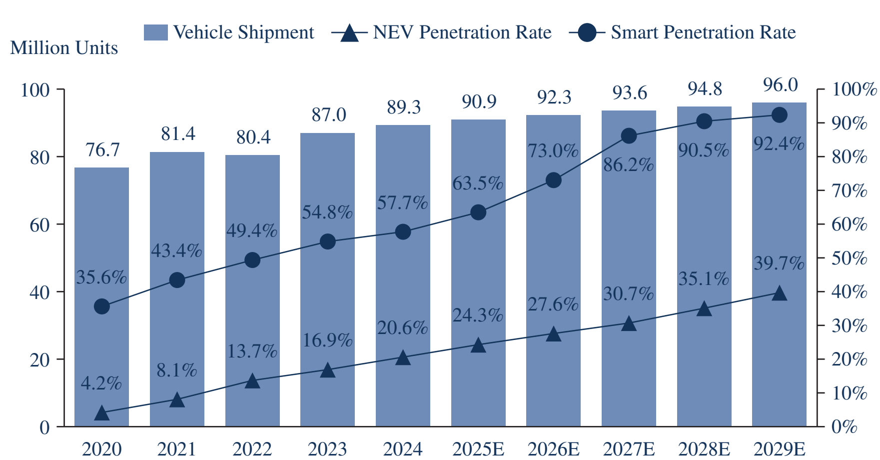


In addition, in wearable devices, MCU are also equally important hardware cornerstones. Taking AI glasses as an example, they are responsible for multi-sensor fusion, real-time reasoning, and power consumption scheduling for cameras, micro-displays, and wireless links. As wearable devices upgrade toward long battery life, spatial interaction, and local AI experiences, their reliance on high-energy-efficiency and high-integration MCU has significantly increased.

• ***Automotive: Acceleration of "Electrification, Intelligence and Connectivity" process***

Automobiles, as another important application scenario for semiconductor chips, have a large demand for them. The demand for EV will further increase in the future, which will consequently lead to higher performance requirements for automotive chips and computing power upgrades, thereby driving the smart penetration rate of vehicle.

Shipment, EV&Smart Penetration Rate of Vehicle, Global, 2020-2029E



Source: Frost & Sullivan, CPCA

Automotive is the most extensive and core application scenario for MCU. As the functional complexity of EV and smart vehicles continues to increase, MCU have expanded from widespread use in basic systems such as infotainment, smart cockpits, and body control to critical functional modules requiring high safety and real-time performance, such as power control, chassis domains, and ADAS. This evolution imposes higher requirements on MCU computing power, interface capabilities, and functional safety levels (upgrading from ASIL-B to ASIL-D). With the advancement of autonomous driving levels towards L3/L4, the application demand for MCU in automobiles will further increase. Against the backdrop of rapid development in autonomous driving, SoC and MCU serve complementary roles in complex automobile systems. SoC, which integrated powerful CPUs, GPUs and other specialized accelerators to handle high-performance tasks like perception and decision-making, while MCU manage real-time control of subsystems with low power to ensure the reliable and timely execution of control commands. Concurrently, the value of MCU per vehicle is expected to rise from approximately RMB1,500 in 2024 to around RMB2,500 in EV in 2029.

NOR Flash is primarily used to store core code and critical data for vehicle-mounted systems, including ADAS system. For niche DRAM products, high-generation automotive-grade niche DRAMs with large capacities (LPDDR4/4X, DDR4) are clearly replacing small-capacity DDR3 products in autonomous driving applications like ADAS.

- ***Other diversified downstream demand growth***

Smart home: Smart home primarily includes smart security, home entertainment, environmental control, etc. In the smart home sector, niche DRAM is mainly used to support real-time data processing and command execution in devices such as smart TV and set-top boxes. MCU plays a dual role in smart homes, serving as both power control and intelligent interaction hubs.

Industrial Applications: As one of China's key strategic directions, the upgrading and transformation of industrial manufacturing is driving the industry toward digitalization, networking, and intelligence. These technological evolutions place higher demands on the real-time responsiveness, data throughput, and autonomous decision-making capabilities of industrial equipment, which require extensive applications of high-performance and high-reliability semiconductor products like MCU to achieve dual objectives of high-precision control and intelligent interaction.

Embodied Intelligence: The core feature of embodied intelligence lies in the integration of hardware-software collaborative real-time perception, cognitive reasoning, and precise execution capabilities. Such systems pose system-level challenges in terms of heterogeneous computing architectures, low-power high-computing-power chips, high-bandwidth memory, real-time operating systems, and multi-sensor integration, driving the accelerated release of demand for critical components such as high-performance MCU, AI SoC, sensors, and memory chips.

ANALYSIS OF GLOBAL SPECIALTY MEMORY CHIP MARKET

Definition and Classification of Major Specialty Memory Chips

Semiconductor memory is a broad category of memory products designed for mass-market applications with standardized performance requirements. Depending on the application-specific characteristics and technical features, semiconductor memories could be further classified as specialty memories and commodity memories.

- Specialty memory refers to memory products applied in specific industries with unique technology requirements such as high reliability, low power consumption or operation in extreme environments, or hold competitive advantages in particular market segments, mainly including niche DRAM, SLC NAND Flash and NOR Flash. These products may use mature or specialized process nodes and focus less on cost and more on fulfilling stringent application needs. Specialty memories are typically characterized by (i) serving a broad and diverse range of downstream applications (such as consumer electronics, automobiles, industrial applications (for example, industrial automation, energy storage and battery management), PC and servers, IoT and network communications); and (ii) varying requirements across different downstream sectors and application scenarios in terms of storage capacity, bandwidth, temperature thresholds and voltage. Niche DRAM, SLC NAND Flash, and NOR Flash are classified as specialty memory chips because they are designed for specific applications that require customized features including higher reliability, longer product lifecycles and enhanced endurance. Unlike commodity memory, they mainly serve niche markets such as industrial and automotive, where standard solutions may not meet demanding technical requirements.

- Commodity memories are standardized, high-volume products designed mainly for mainstream applications where cost-effectiveness, high capacity and performance are key priorities, often achieved through the latest process nodes, mainly including 3D NAND Flash, mainstream DRAM, and high bandwidth memory. Commodity memories are typically characterized by: (i) larger capacity and higher bandwidth; and (ii) targeting concentrated, high-volume downstream markets such as smartphones, PCs and servers, where individual sectors demand significant production capacity. Thus, while commodity memories compete mainly on price and scale, specialty memories are distinguished by their application-specific features and ability to serve niche markets.

Depending on whether they retain data after power is removed, semiconductor memories can be classified as either volatile or non-volatile. Niche DRAM is a form of volatile memory, while NOR Flash and SLC NAND Flash are non-volatile and preserve data when unpowered.

- **Niche DRAM**: Compared with mainstream DRAM — which prioritizes ever-higher densities, peak transfer rates, tightly standardized specs, frequent technology node migrations and pronounced cyclical demand — niche DRAM is typically built on mature process technologies with more modest performance targets. Mainstream DRAM is produced in large volumes and dominated by a few global players operating under the IDM business model, primarily serving concentrated, high-volume and price sensitive downstream markets. In contrast, the niche DRAM delivers bespoke feature sets, long-lifecycle availability and rock-solid reliability for distributed applications in automotive, industrial, communications and medical markets, where demand is more stable and customization is essential. Current niche DRAM products include LPDDR2/3, DDR2/3 and DDR4/LPDDR4 devices with capacities below 8Gb, with a roadmap toward higher-capacity.

  Notably, as discussed above, the life-cycle of niche DRAM is generally longer than that of commodity DRAM, primarily due to differences in feature requirements and market priorities. For instance, commodity DDR4, which serves mainstream markets such as PCs, smart phones and servers, undergoes rapid upgrade cycles as the market demands ever-higher performance and greater memory densities. As a result, commodity DDR4 in these applications is gradually being replaced by newer generations like DDR5. In contrast, niche DDR4, as a specialty memory, is widely used in distributed applications across sectors such as network communications, home appliances, set-top boxes, IoTs, automotive and industrial applications, including areas like industrial automation and control, energy storage and battery management. In these fields, niche DDR4 relies on mature manufacturing processes and emphasizes attributes such as stability, reliability, and cost-effectiveness over cutting-edge performance. Therefore, as compared that in the mainstream market, niche DDR4 enjoys a longer life-cycle, which demonstrates an increasing demand and is not expected to be phased out in the near future.

- **NOR Flash:** Although NAND Flash typically offers greater storage capacity and faster write speeds, NOR Flash remains widely used in specific applications because of its fast random read performance, low read error rate, support for execute-in-place (XIP) and high data integrity, which allow processors to run code directly from the flash memory. As such, NOR Flash is most often used to memory boot code and firmware. It is widely deployed in automotive systems, wearables, industrial control units, IoT and other end-points prioritizing fast startup and reliable code execution rather than fast write speed.

- **SLC NAND Flash:** NAND Flash generally offers higher storage capacities and faster write speeds than NOR Flash, making it well suited for bulk data memory and thus broadly adopted. SLC NAND Flash provides significantly superior erase/write endurance and data integrity compared with MLC/TLC NAND Flash, making it the preferred choice for industrial-edge memory, automotive dash-cams, consumer electronics and other applications in scenarios which do not need to execute the code directly from the memory that demand large capacity, fast write speed and high reliability.

The table below sets forth the key differentiation between commodity memories and specialty memories.

	Commodity Memory Chips	Specialty Memory Chips
Target market	concentrated, high-volume downstream markets	a broad and diverse range of downstream niche markets with varying technology requirements
Technical & Performance Orientation	pursue advanced process nodes, high capacity, and high bandwidth; aim for optimal cost-performance in general-purpose scenarios	application-specific features (e.g., low power, high reliability, long lifecycles); may use mature or specialized process nodes and focus less on cost and more on fulfilling stringent application needs
Product Standardization	highly standardized; strong interchangeability; follow universal technical specifications	highly customized; designed to meet unique technical requirements of specific applications
Typical Applications	smartphones, PCs and servers, where individual sectors demand significant production capacity	consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), PC and servers, IoT and network communications
Major products	3D NAND Flash, mainstream DRAM and high bandwidth memory	niche DRAM, SLC NAND Flash and NOR Flash

Business Model

Market players operating under the IDM business model are particularly well-suited for the commodity memory market, whereas players adopting the fabless business model are generally more suitable for the specialty memory market. This distinction is driven by several key factors:

- **Production Scale and Efficiency:** IDMs control the full semiconductor production process, achieving large-scale, cost-effective manufacturing. This is crucial for the commodity memory market, which demands high volumes and competitive pricing.

- **Standardization vs. Customization:** The commodity memory market is driven by standardized products for broad applications like PCs and mobile devices, playing to IDM strengths. In contrast, specialty memory markets require more customized features, including longer product lifecycles, and high reliability for specialized sectors such as automotive and industrial. Fabless companies, which focus on design and outsource manufacturing, are more agile and can better meet these customized needs.

- **Capital Requirements:** The IDM model requires heavy investment in manufacturing facilities and R&D, justifiable only by the high output of mainstream DRAM. Fabless companies avoid these costs by outsourcing production, allowing them to focus resources on innovation and customization, which is essential for the lower-volume, higher-mix niche market.

- **Supply Chain Flexibility:** Fabless companies benefit from flexible supply chains and can quickly adapt to changing specifications or market demands. This flexibility is vital in specialty memory markets, where customer needs are more varied and dynamic.

- **Customer Engagement and Support:** Specialty memory customers often need close technical collaboration and long-term support. Fabless companies are typically more responsive to these requirements, whereas IDMs concentrate on mass production for standardized markets.

In the specialty memory market, fabless companies face unique challenges and need to meet several key requirements to stand out from competitors. There is typically no single solution or technology that can address all customer needs or guarantee success in the specialty memory market. Instead, a company's competitive advantages in specialty memories are demonstrated through its comprehensive capabilities, including strengths in product design, quality control, the breadth and depth of its product portfolio, close collaboration with manufacturing partners and effective supply chain integration.

In particular, unlike mainstream memories, where products are highly standardized and price-driven, specialty memories demand a higher degree of customization and reliabilities in specific applications. To succeed in this field, a fabless company must demonstrate strong capabilities in product design, rigorous quality control, and rapid iteration. Given that specialty memories are often deployed in industrial, automotive, and other application-specific scenarios, it is critical for fabless companies to ensure that every part number consistently meets stringent performance and reliability standards, which typically requires maintaining a diverse product portfolio.

Additionally, robust platform management and the agility to update and optimize products in response to evolving customer requirements are essential. Close collaboration with manufacturing partners remains crucial, enabling fabless companies to uphold high standards in process control and product consistency.

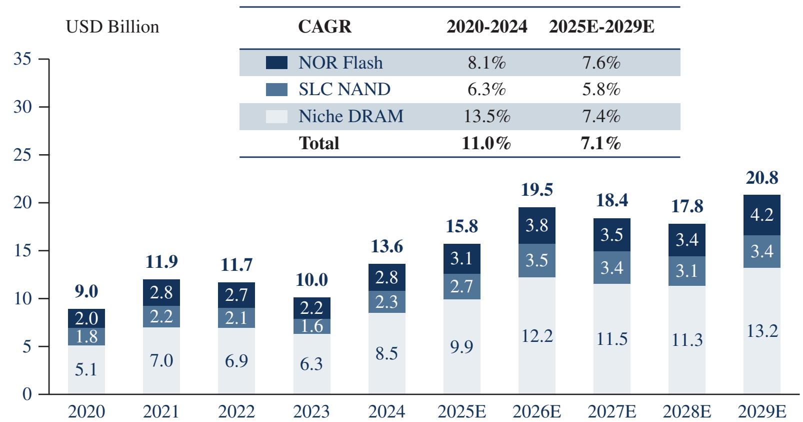
Equally important is the ability to integrate and manage a complex supply chain. Effective supply chain integration ensures stable sourcing of materials, timely production and reliable delivery, which are especially vital in the specialty memory market, where customers often have strict lead time and quality requirements. By excelling in supply chain integration, fabless companies can enhance responsiveness, minimize risks and maintain a competitive edge in serving niche and mission-critical applications.

Market Size of Global Specialty Memory Chip Market

In 2024, the global specialty memory market totaled USD13.6 billion, with niche DRAM contributing USD8.5 billion, NOR Flash USD2.8 billion and SLC NAND Flash USD2.3 billion. Looking ahead to the next five years, the growth of total data volume and sustained demand for low-power, high-reliability and memory solutions in edge-AI and automotive-electronics applications is expected to drive continued expansion of the specialty memory market. At a projected CAGR of 7.1%, the market is forecast to reach USD20.8 billion by 2029. By segment, niche DRAM is projected to reach USD13.2 billion, NOR Flash to USD4.2 billion and SLC NAND Flash to USD3.4 billion by 2029.

The overall memory-chip industry is cyclical, historically running in roughly four-year cycles over the past two decades. The cycle is driven by a variety of factors, including macroeconomic conditions, capital expenditure trends, technology transitions, inventory adjustments, and adjustment in end-market demand and supply structure. In 2023, after the inventory buildup at the end of 2022, the memory market experienced a downturn, mainly driven by continued capacity expansions by memory suppliers and a general slowdown in the global economy. However, entering into 2024, following the continuous destocking efforts and the easing of COVID-19 impacts, coupled with surging demand related to AI applications, there was a strong rebound and the start of new growth phase that is expected to sustain in the next several of years. See "— Overview of Global Semiconductor Industry — Industry Cycle." Over the long term, the industry is likely to follow a rising trend with cyclical fluctuations. The specialty memory market is gradually decoupling from the commodity memory cycle, with leading domestic manufacturers steadily increasing their market share.

Market Size of Specialty Memory Chip Market, Global, 2020-2029E



Source: IMF, Frost & Sullivan

Analysis of Key Drivers of Specialty Memory Chip Market

- **Proliferation of AI-Enabled Devices Drives Demand for Higher-Capacity Specialty Memory Chips:** As consumer electronics including smartphones, PC, wearables, and smart home products continue to evolve toward AI integration, their requirements for data processing and memory capabilities have increased significantly. These devices demand higher-capacity, faster, and more reliable chips to support intelligent functions such as multimodal interaction and large model operations, driving dedicated memory chips toward greater capacity.

- **Automotive 'Electrification, Intelligence and Connectivity' Drive Demand for Automotive-Grade Memory:** The 'electrification, intelligence and connectivity' in the automotive industry are raising the bar for data memory in terms of reliability, temperature and vibration resistance, and real-time read/write performance. For instance, in intelligent driving scenarios, the massive sensor data generated by cameras and LiDAR requires high-speed local caching and stable data writing, fueling a surge in demand for high-performance NOR Flash. At the same time, infotainment systems, multimedia stream processing, and OTA firmware upgrades enabled by smart cockpits are driving up both the performance requirements and market demand for niche DRAM. As the global EV market continues to expand, automotive-grade memory chips are emerging as a key growth driver following the consumer electronics segment.

- **The AI Era Presents Opportunities for Companies with Diverse Memory Chips:** In the AI era, both cloud and edge devices generate massive demand for memory chips, creating significant growth opportunities across the memory industry. This shift is giving rise to new product forms and technological innovations within the specialty memory domain, unlocking fresh profit potential for industry players.

OVERVIEW OF GLOBAL MCU MARKET

Definition and Classification of MCU

Microcontroller unit (MCU) is a small, integrated circuit that functions as a miniature computer, which typically integrate key functional modules including a CPU, memories, data converters and I/O interfaces. MCU are designed to control specific functions within larger electronic systems, making them ideal for embedded systems. MCU are widely used in control-oriented components or devices across various sectors including industrial automation, automotive electronics, and household appliances. For example, the microcontroller inside a washing machine manages motor control, water levels, and user interface buttons. Similarly, MCU are used in electronic thermostats, remote controls, and basic IoT sensors – devices that require real-time control but have modest processing and memory needs. As the backbone of billions of end devices, MCU serve as a fundamental infrastructure of the digital economy. In contrast, an System-on-Chip (SoC) is a more complex integrated chip that integrates not only a CPU but also a range of other components such as GPUs, DSPs, memory controllers, wireless modules and advanced peripherals. SoC are designed to perform more complex and diverse functions, supporting entire systems such as smartphones, tablets and advanced embedded applications, and not limited to control-oriented components or devices. In summary, MCU are ideal for simple, real-time control tasks with limited resources, while SoC are suited for complex applications requiring high processing power and multiple integrated functions.

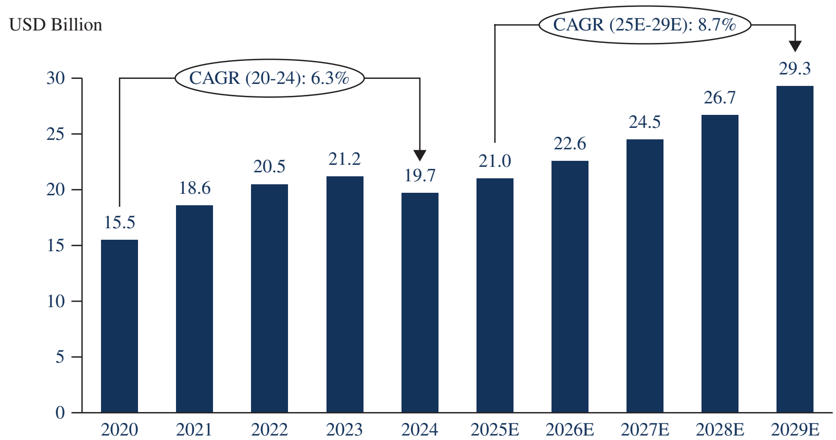
Based on bus width, MCU can be classified into three categories: 8-bit, 16-bit, and 32-bit. Among them, 32-bit MCU have become the mainstream in the market, accounting for over 60% of the total, due to their powerful computing capabilities and ability to efficiently handle complex data. As demand for high-performance applications continues to rise, the market share of 32-bit MCU is expected to further expand.

Market Size of Global MCU Market

From a market size perspective, the global MCU market reached USD19.7 billion in 2024, with a CAGR of 6.3% from 2020 to 2024. Looking ahead, as AI continues to penetrate various sectors, the increasing functional complexity and intelligence of end-use applications, such as automotive electronics, industrial control systems, and consumer electronics, are driving up the demand of MCU. For instance, the value of MCU per vehicle in EV can exceed that of ICEV by more than 60%.

At the same time, rising demands for real-time processing, low power consumption, and functional safety are accelerating the adoption of 32-bit MCU. Driven by these factors, the global MCU market is projected to reach USD29.3 billion by 2029, with a CAGR of 8.7%.

Market Size of MCU Market (by Revenue), Global, 2020-2029E



Source: IMF, Frost & Sullivan

Key Drivers of Global MCU Market

The accelerated adoption of AI, along with the electrification, increased intelligence, and enhanced connectivity within the automotive industry, as well as the growing demand for high-performance industrial applications, are all key drivers of the global semiconductor industry. See "— Overview of Global Semiconductor Industry — Primary Growth Drivers of Global Semiconductor Industry." These factors are also propelling the future growth of the global MCU market. In addition to these major trends, the future development of the global MCU market is further shaped by growth opportunities arising from other sectors, such as white goods. For instance, smart refrigerators, air conditioners, and other household appliances are undergoing significant connectivity and energy efficiency upgrades, all of which rely on the reliable control and communication capabilities provided by MCU. As a result, the coordinated growth of these sectors is expected to continuously expand the addressable market for mid- to high-end MCU, supporting sustained market expansion.

OVERVIEW OF GLOBAL ANALOG CHIP MARKET

Definition and Classification of Analog Chips

Analog chips are responsible for power conversion and signal acquisition/conditioning, and are mainly divided into Power Management IC and signal chain IC. PMIC handle energy conversion, voltage regulation, and current management, while signal chain IC cover sensing, interfacing, converting, timing and amplifying analog signals from sensors—together forming the vital link between digital systems and the physical world.

PMIC can be further classified into: (1) AC-DC converters: convert AC to low-voltage DC and provide circuit protection. (2) DC-DC converters: convert external DC voltage into a stable operating voltage required by digital chips. (3) Linear regulators: precisely regulate external DC voltage through linear control methods. (4) Battery management IC: manage battery charging, discharging, and safety monitoring.

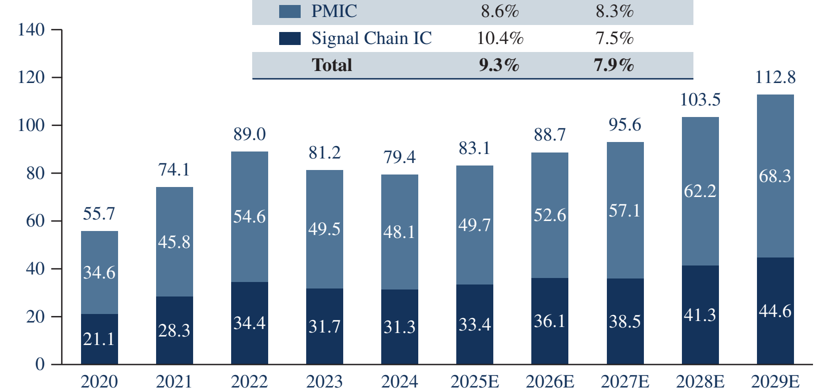
Market Size of Global Analog IC Market

Amid the accelerated global buildout of AI data centers, the rising penetration of electrification and intelligence in EV and the ongoing intelligent transformation of industrial control and consumer electronics, the global analog IC market is entering a new cycle of growth. The market size is projected to increase from USD83.1 billion in 2025 to USD112.8 billion by 2029, with a CAGR of 7.9%.

From a market segmentation perspective, PMIC play a critical role in key application scenarios such as AI server power systems, EV electric drive platforms, and fast-charging solutions for portable devices. From 2025 to 2029, the market size is expected to grow at a CAGR of 8.3%.

Market Size of Analog IC Market (by Revenue), Breakdown by Product Types, Global, 2020-2029E

CAGR	2020-2024	2025E-2029E
PMIC	8.6%	8.3%
Signal Chain IC	10.4%	7.5%
Total	**9.3%**	**7.9%**



Source: IMF, Frost & Sullivan

OVERVIEW OF GLOBAL SENSOR CHIP MARKET

A sensor chip is a component that collects various signals from the physical world, such as temperature, pressure, light, motion and magnetic fields, and outputs them to a backend system for further processing.

A capacitive touch sensing chip is an IC that identifies touch and other behaviors by detecting changes in capacitance values. Its core function is to convert the electric field changes caused by human contact into processable electrical signals. Capacitive touch sensing chips are mainly used in smart phones, smart wearable devices, TWS earbuds, laptops, and other fields. Other emerging downstream applications include smart homes and automotive touchscreens. The total global market size of touch sensing chips expanded from USD2.6 billion dollars in 2020 to USD2.9 billion dollars in 2024. Looking ahead, the market is expected to continue to expand, reaching USD3.7 billion dollars by 2029.

A fingerprint chip is a core component for biometric identification based on semiconductor sensing technology. Its main functions include live body detection, rapid identity authentication, and secure data encryption. According to downstream applications, it mainly covers smart phones, smart door locks, and financial payment terminals. The global market size of fingerprint chips reached USD5.8 billion dollars in 2024. Driven by trends such as the increasing penetration rate of full screen mobile phones, the security needs of smart homes, and the upgrading of financial grade biometric authentication standards, the shipment volume is expected to exceed USD8.9 billion dollars by 2029.

ANALYSIS OF THE COMPETITIVE LANDSCAPE OF THE COMPANY'S INDUSTRIES

NOR Flash

In 2024, the global NOR Flash market remained relatively stable and highly concentrated, with the top three companies accounting for approximately 63.2% of total market value. The Company generated revenues of about USD512.2 million in 2024 equivalent to roughly 18.5% market share securing the No. 2 position worldwide and underscoring the industry leadership. It is also the top-ranked mainland Chinese company. Besides the Company, the key market players in NOR Flash segment include Winbond Electronics Corporation, Macronix International Co., Ltd. and Infineon Technologies AG.

Ranking of NOR Flash Market (Revenue), Global, 2024

Ranking	Company Name	Location	NOR Flash Revenue (USD Million)	Market Share (%)
1	Company A	Taiwan, China	756.6	27.4%
2	**The Company**	**Beijing, China**	**512.2**	**18.5%**
3	Company B	Taiwan, China	477.7	17.3%
	Top 3		**1,746.5**	**63.2%**

Source: Frost & Sullivan, Annual Reports

SLC NAND Flash

In 2024, the global SLC NAND Flash market was highly concentrated among overseas and Taiwan-based suppliers, with the top three companies together accounting for 69.4% of the total market value. With SLC NAND Flash revenues of approximately USD50.0 million, the Company ranked sixth worldwide. It is also the highest ranked mainland Chinese company. Besides the Company, the key market players in SLC NAND Flash segment include Kioxia Corporation, Micron Technology, Inc. and Winbond Electronics Corporation.

Ranking of SLC NAND Flash Market (Revenue), Global, 2024

Ranking	Company Name	Location	SLC NAND Flash Revenue (USD Million)	Market Share (%)
1	Company C	Tokyo, Japan	813.1	35.2%
2	Company D	Boise, United States	539.2	23.3%
3	Company A	Taiwan, China	251.8	10.9%
4	Company E	Hong Kong, China	201.0	8.7%
5	Company B	Taiwan, China	129.8	5.6%
6	**The Company**	**Beijing, China**	**50.0**	**2.2%**
	Top 6		**1,984.9**	**85.9%**

Source: Frost & Sullivan, Annual Reports

Niche DRAM

In 2024, the global niche DRAM market was highly concentrated among leading overseas suppliers, with the top three companies collectively capturing approximately 69.1% of the total market value. The Company achieved revenues of around USD146.4 million that year equivalent to roughly 1.7% market share securing the No. 7 position worldwide and standing out as the second-ranked mainland Chinese company. Besides the Company, the key market players in niche DRAM segment include Samsung Electronics Co., Ltd., Micron Technology, Inc. and SK Hynix Inc..

Ranking of Niche DRAM Market (Revenue), Global, 2024

Ranking	Company Name	Location	Niche DRAM Revenue (USD Million)	Market Share (%)
1	Company F	Suwon, South Korea	2,622.4	30.8%
2	Company D	Boise, United States	1,805.0	21.2%
3	Company G	Seoul, South Korea	1,455.9	17.1%
4	Company H	Taiwan, China	737.3	8.7%
5	Company A	Taiwan, China	605.4	7.1%
6	Company I	Beijing, China	229.9	2.7%
7	**The Company**	**Beijing, China**	**146.4**	**1.7%**
	Top 7		**7,602.4**	**89.3%**

Source: Frost & Sullivan, Annual Reports

MCU

In 2024, the competitive landscape of the global MCU market is characterized by relative stability and high concentration, with the top five companies together accounting for approximately 81.2% of the total market size. Among them, the Company's revenue in 2024 will be approximately USD230.6 million, with a market share of approximately 1.2%, ranking eighth among global companies and the highest-ranking mainland Chinese company. Besides the Company, the key market players in MCU segment include Infineon Technologies AG, Renesas Electronics Corporation and STMicroelectronics N.V..

Ranking of MCU Market (Revenue), Global, 2024

Ranking	Company Name	Location	MCU Revenue (USD Million)	Market Share (%)
1	Company J	Neubiberg, Germany	3,991.8	20.2%
2	Company K	Tokyo, Japan	3,467.1	17.5%
3	Company L	Geneva, Switzerland	3,337.7	16.9%
4	Company M	Eindhoven, Netherlands	3,102.4	15.7%
5	Company N	Chandler, United States	2,150.3	10.9%
6	Company O	Dallas, United States	1,461.8	7.4%
7	Company P	Taiwan, China	289.0	1.5%
8	**The Company**	**Beijing, China**	**230.6**	**1.2%**
	Top 8		**18,030.8**	**91.2%**

Source: Frost & Sullivan, Annual Reports

Notes:

1. Company A is a listed company, founded in 1987 and headquartered in Taiwan, China, is a service provider dedicated to offering comprehensive IC products and solutions to global customers.

2. Company B is a listed company, founded in 1989 and headquartered in Taiwan, China, is a leading global non-volatile memory IDM, providing ROM, NOR Flash, and NAND Flash solutions across a wide range of specifications and capacities.

3. Company C is a listed company, founded in 2017 and headquartered in Tokyo, Japan, is one of the global leaders in memory solutions, dedicated to the development, production and sales of flash memory and SSDs.

4. Company D is a listed company, founded in 1978 and headquartered in Boise, USA, is a global leader in innovative memory solutions, delivering optimal memory and storage systems for a broad range of applications.

5. Company E is an unlisted company, founded in 2019 and headquartered in Hong Kong, China, is a technology leader that designs, develops, and markets high performance non-volatile Flash memory products for the following key markets: automotive, communications, digital consumer, industrial and medical.

6. Company F is a listed company, founded in 1969 and headquartered in Suwon, South Korea, covers consumer electronics and IT & mobile communications businesses, manufacturing electronic components such as semiconductors, display parts, memory, image sensors, and camera modules.

7. Company G is a listed company, founded in 1983 and headquartered in Seoul, South Korea, is a global leading semiconductor supplier of DRAM, NAND Flash, and CMOS Image Sensors to a wide range of distinguished customers worldwide.

8. Company H is a listed company, founded in 1995 and headquartered in Taiwan, China, has long been committed to the R&D, design, manufacturing and sales of DRAM, with technological innovation as the cornerstone of its growth.

9. Company I is a listed company, founded in 2005 and headquartered in Beijing, China, is primarily engaged in the R&D and sales of IC products.

10. Company J is a listed company, founded in 1999 and headquartered in Neubiberg, Germany. It dominates power semiconductors and automotive electronics for industrial IoT, renewable energy, and secure connectivity solutions.

11. Company K is a listed company, founded in 2003 and headquartered in Tokyo, Japan. It focuses on MCU, embedded processors, and analog chips for industrial automation and automotive control systems.

12. Company L is a listed company, founded in 1987 and headquartered in Geneva, Switzerland. It specializes in MEMS sensors, automotive MCU, and power management ICs for ADAS, industrial robotics, and edge computing, etc.

13. Company M is a listed company, founded in 2006 and headquartered in Eindhoven, Netherlands. It is primarily engaged in the design, manufacture, and sale of ICs and discrete devices. Its products are mainly used in the automotive, industrial and IoT mobile devices, and communication infrastructure sectors.

14. Company N is a listed company, founded in 1989 and headquartered in Chandler, USA. It delivers MCU, analog ICs, and FPGA solutions for automotive, aerospace, and industrial control applications.

15. Company O is a listed company, founded in 1930 and headquartered in Dallas, USA. It specializes in analog and embedded processing chips for automotive, industrial automation, and consumer electronics.

16. Company P is a listed company, founded in 2008 and headquartered in Taiwan, China. It offers industrial-grade MCU, battery management IC, and audio processors for smart home, power tools, and IoT edge devices.

Others

In 2024, China's fingerprint chip industry exhibits a relatively concentrated competitive landscape. The Company generated USD50.4 million in revenue in the fingerprint chip sector, ranking second in the market.

Entry Barriers of Global Semiconductor Industry

- ***R&D Innovation & Product-Development Capability Barriers***

Chip design industry is a typical technology-intensive industry. Chip enterprises need to have forward-looking industry judgment, define product specifications in advance, and grasp the direction of technological evolution. The chip design process involves multidisciplinary collaboration and requires coordination of complex links such as circuit design, architecture design, system integration, software and hardware collaboration, and verification testing, which places extremely high requirements on the capabilities of the R&D team. Chip development has a long cycle and high verification costs, requiring continuous iteration and deep technological accumulation. Especially in brand consumer electronics and high-reliability fields such as automotive and industrial control, the product development error tolerance rate is extremely low, which raises the entry barrier. For example, SLC NAND Flash is widely used in network devices, smart security systems, industrial control, and automotive applications, where high standards are placed on write stability and power-down data protection. To meet these requirements, the chip must incorporate multi-level voltage write control and error correction algorithms during the circuit design stage. The development process involves repeated verification of endurance and data retention under extreme voltage and temperature conditions, significantly increasing the complexity of product definition, design, and validation.

- ***Customer & Brand Barriers***

Chips are the cornerstone of electronic devices, and their reliability and stability directly determine the performance and competitiveness of end products. Major downstream customers in the industry typically maintain long-term and stable cooperation with existing chip suppliers, with both sides having strict requirements and a high degree of tacit understanding regarding product quality, delivery, and service processes. For example, niche DRAM used in industrial applications (such as industrial automation, energy storage and battery management) must undergo long-term compatibility and stability testing by customers, making it difficult for new entrants to break existing suppliers' entrenched positions in the early stages. Existing chip suppliers have established a good brand image in long-term market competition, and new companies face significant challenges in winning customer trust, building channels, and obtaining orders.

- ***Quality-Control Capability Barriers***

In the chip design process, quality is reflected not only in functional correctness but also in product consistency, reliability, and stable performance across multiple scenarios. Mature enterprises ensure that products meet high-standard quality requirements before mass production by building a full-process quality verification system, from front-end architecture design and post-simulation verification to collaborative optimization in the packaging and testing stages. For example, automotive-grade NOR Flash is commonly used in critical systems such as instrument clusters and ADAS. These chips must pass AEC-Q100 certification and demonstrate long-term operational stability under extreme conditions such as high temperature, humidity, and vibration. As a result, they are subject to stringent requirements for product consistency, reliability, and comprehensive quality validation throughout the manufacturing process. At the same time, leading enterprises have established testing specifications and reliability evaluation mechanisms covering multiple product lines based on long-term technological accumulation, ensuring that chips can maintain high-performance stability and long-term operation reliability in multiple application scenarios. Without a large amount of verification data, patent support, and customer-side collaboration mechanisms, new entrants find it difficult to establish an equivalent quality assurance system in the short term.

- ***Supply-Chain Barriers***

Chip design enterprises need to have the ability to coordinate and manage key processes such as wafer foundry and packaging/testing to ensure smooth mass production and stable delivery of products. Leading enterprises have formed deep cooperation mechanisms with multiple upstream and downstream entities through long-term accumulation, possessing higher collaboration efficiency and resource allocation capabilities to effectively guarantee product quality and delivery schedule stability. By establishing a full-process supply chain management system covering design, verification, tape-out, testing, and delivery, leading manufacturers can quickly respond to customer needs, enhance supply chain resilience, and ensure business continuity. For example, NOR Flash is commonly used in scenarios with high requirements for boot speed and data accuracy, and downstream customers generally focus on stable delivery and verification compatibility, so chip design enterprises need to maintain long-term cooperation with manufacturers that have mature production lines and reliable delivery capabilities. Due to limited business scale and insufficient customer stickiness, new entrants often struggle to establish supply chain response systems and delivery capabilities at the same level in the early stages.

- ***Talent Barriers***

The semiconductor industry heavily relies on multidisciplinary talents with extensive experience, particularly in critical areas such as front-end chip design, quality verification, and reliability testing. These roles have high technical barriers and long cultivation cycles. Currently, the global supply of senior chip design and quality engineering professionals is tight, a large proportion of key technical experts are concentrated within leading companies. New entrants face significant challenges in attracting senior engineers with complete project experience and quickly building comprehensive technical teams spanning design, verification, and delivery, which severely limits product development efficiency and project execution capability. For example, key modules in SLC NAND Flash design such as power-loss data protection, voltage regulation, and lifespan management are often developed and optimized by veteran engineers with over a decade of experience. This talent concentration among industry leaders further raises the entry barriers for newcomers.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research on the semiconductor industry and prepare the Frost & Sullivan Report. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies. We have contracted to pay RMB450,000 to Frost & Sullivan for compiling the Frost & Sullivan Report. In preparing the Frost & Sullivan Report, Frost & Sullivan conducted detailed primary research which involved discussing the status of the industry with certain leading industry participants and conducting interviews with relevant parties. Frost & Sullivan also conducted secondary research which involved reviewing company reports, independent research reports and data based on its own research database. Frost & Sullivan obtained the figures for the estimated total market size from historical data analysis plotted against macroeconomic data as well as considered the above-mentioned industry key drivers. Its market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system and relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements primarily include expert-opinion forecasting methodology, integration of market drivers and restraints, integration with the market challenges, integration of the market engineering measurement trends and integration of econometric variables.

The Frost & Sullivan Report is compiled based on the following assumptions: (i) the social, economic and political environment of the globe and the PRC is likely to remain stable in the forecast period; and (ii) related industry key drivers are likely to drive the market in the forecast period.

REGULATORY ENVIRONMENT IN THE PRC

Overview

We are a company established in the PRC that engages in the research and development, technical support and sales of memory, microcontrollers and sensors. Our business activities in the PRC are supervised and managed by the MIIT and other departments and industry self-regulatory organisations, while related businesses are regulated by the current laws, regulations, rules and other regulatory documents of the PRC. The following sets forth a summary of the major laws and regulations applicable to our business, including industry access, business supervision, corporate governance and risk control, as well as other necessary general regulations, including foreign exchange, taxation, and foreign investment access, rather than a detailed description of all the laws and regulations which we are required to comply with.

Major Regulators

Our implementation of business activities within the industry are mainly supervised and managed by the MIIT. The MIIT is responsible for the national industrialisation and informatisation, formulating and organising the implementation of industrial planning, industrial policies and standards, monitoring the daily operation of the industries, and promoting the development and independent innovation of major technology.

Regulations and Policies on the IC Industry

In June 2014, the State Council promulgated the Outline for Promoting the Development of the National Integrated Circuit Industry (《國家集成電路產業發展推進綱要》), which stated that the development goal of the integrated circuit industry is to reach an advanced international standard in the major links of the integrated circuit industry chain by 2030, with a number of enterprises entering the international first tier and achieving leapfrog development. One of the main tasks and development priorities are to focus on the development of integrated circuit design industry when strengthening collaborative innovation in integrated circuit design, software development, system integration, content and services based on the industrial chain in key areas so as to drive the manufacturing industry developing with the rapid growth of the design industry.

In January 2017, the National Development and Reform Commission ("NDRC") issued the Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄（2016年版)》), which clarifies eight industries in five major areas, which are further subdivided into 174 sub-directions under 40 key directions and nearly 4,000 subdivided products and services. Among them, integrated circuit chip products primarily include CPU, MCU, memory, digital signal processor, embedded CPU, communication chip, digital TV chip, multimedia chip, information security and video surveillance chip, smart card chip, automotive electronic chip, industrial control chip, smart grid chip, MEMS sensor chip, power control circuit and semiconductor power electronic devices, and optoelectronic hybrid integrated circuit.

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

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

The NPC promulgated the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》) on 11 March 2021, proposing to foster advanced manufacturing clusters and promote industrial innovation and development of industries including integrated circuits. In December 2021, the State Council promulgated the Circular of "14th Five-Year Plan" for the Development of Digital Economy (《"十四五"數字經濟發展規劃的通知》), which clarified that during the "14th Five-Year Plan" period, the promotion of digital industrialization should be accelerated to make up for key technical shortcomings. Optimizing and innovating organizational methods such as "selecting the best candidates via open competition mechanism", focusing on breakthroughs in key core technologies in the fields of high-end chips, operating systems, industrial software, core algorithms and frameworks, and strengthening the integrated research and development of general-purpose processors, cloud computing systems, and key software technologies. In addition, the competitiveness of key links in the industrial chain should be improved, and the supply chain systems of key industries such as 5G, integrated circuits, new energy vehicles, artificial intelligence, and industrial Internet should be improved.

In December 2023, the NDRC promulgated the "Industrial Structure Adjustment Guidance Catalogue (2024 Edition)" (《產業結構調整指導目錄(2024年本)》), which stated integrated circuits was categorized as information industry, the 28th in the first category of Encouragement Catalogue. The national standard industry of main business of the Company is integrated circuit design (I6520), which was categorized as the first category and the Encouraged Project of the Catalogue.

In March 2025, the NPC reviewed and approved the Report on the Implementation of the Central and Local Budgets for 2024 and Draft Central and Local Budgets for 2025 (《關於2024年中央和地方預算執行情況與2025年中央和地方預算草案的報告》), which resolved to support the construction of a modern industrial system, accelerate industrial transformation and upgrading, vigorously promote new industrialization, strengthen support for scientific and technological innovation in the manufacturing sector, and promote the integrated development of scientific and technological innovation and industrial innovation. The central finance special funds will be RMB11.878 billion for the manufacturing sector, increasing by 14.5%, to promote high-quality development of key areas of the manufacturing industry and enhance the resilience and security of the industry chain supply chain.

Regulations Related to Foreign Investment in the PRC

Regulations on Corporation

On 29 December 1993, the SCNPC issued the PRC Company Law, which was recently amended by the SCNPC on 29 December 2023, and came into force on 1 July 2024. All companies established in the PRC are subject to the PRC Company Law. The PRC Company Law regulates the establishment, operation, corporate structure, and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. Such regulations also apply to foreign-invested enterprises established in the PRC.

Foreign Investment Regulation

In March 2019, the NPC promulgated the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》), which came into effect on 1 January 2020. Pursuant to the Foreign Investment Law of the People's Republic of China, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or otherwise organizations of a foreign country within China, or foreign investors, and the investment activities include the following situations: (1) a foreign investor, individually or collectively with other investors, establishes the foreign-invested enterprise in China; (2) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (3) a foreign investor, individually or collectively with other investors, invests in a new project in China; and (4) investments in other means as provided by laws, administrative regulations, or the State Council.

In addition, the Foreign Investment Law of the People's Republic of China also provides several protective rules and principles for foreign investors and their investments in China, including, among others, that local governments must abide by their commitments to the foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; expropriation or requisition of the investment of foreign investors is prohibited except for special circumstances, in which case statutory procedures must be followed and fair and reasonable compensation must be made in a timely manner; mandatory technology transfer is prohibited; and the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors in China may be freely remitted inward and outward in Renminbi or foreign currencies. Also, foreign investors or FIEs should be imposed legal liabilities for failing to report investment information in accordance with the requirements.

Foreign Investment Access

According to the Foreign Investment Law of the People's Republic of China, the State Council will publish or approve to publish a catalogue for special administrative measures, or the "negative list." The Foreign Investment Law of the People's Republic of China grants national treatment to foreign invested entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list." The Foreign Investment Law of the People's Republic of China provides that foreign invested enterprises operating in foreign restricted or prohibited industries will require market entry clearance and other approvals from relevant PRC governmental authorities. On 26 December 2019, the State Council has promulgated the Regulations on Implementing 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》), which came into effect on 1 January 2020, further stipulates that the State shall formulate the Catalogue of Encouraged Foreign Investment Industries in accordance with national economic and social development needs, setting out specific industries, fields and regions to encourage and guide investments by foreign investors.

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (《外商投資准入特別管理措施(負面清單)》) and the Catalogue of Industries for Encouraging Foreign Investment (《鼓勵外商投資產業目錄》), which were promulgated and amended from time to time jointly by the Ministry of Commerce of the PRC ("MOFCOM") and the NDRC. The Negative List and the Encouraging Catalogue divide industries into three categories in terms of foreign investment, namely, "encouraged", "restricted" and "prohibited".

The currently effective Negative List is the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》), issued on 6 September 2024 by the MOFCOM and NDRC and implemented since 1 November 2024. Domestic enterprises engaging in businesses in the areas of investment prohibited by the Negative List for the Access of Foreign Investment that issue shares abroad and list them for trading shall be subject to the examination and consent of the relevant competent state authorities. Foreign investors shall not participate in the operation and management of the enterprise, and the proportion of their shareholding shall be implemented with reference to the relevant provisions on the management of domestic securities investment by foreign investors. In addition, the MOFCOM and the NDRC jointly promulgated the Encouraged Industry Catalogue for Foreign Investment (2022 version) (《鼓勵外商投資產業目錄(2022年版)》) on 26 October 2022, which came into effect from 1 January 2023. According to the above lists and catalogues, investment in integrated circuit design does not fall into the restricted or prohibited category of industries for foreign investment.

Security Review of Foreign Investment

According to the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》) jointly promulgated by the NDRC and the MOFCOM in December 2020, effective from 18 January 2021, foreign investment that affects or may affect national security shall be subject to security review in accordance with the provisions of such Measures. For foreign investment within the following scope, foreign investors or relevant domestic parties (hereinafter as parties) shall take the initiative to make a declaration on their investments for security review to the Office of the Working Mechanism prior to (i) making investments in the military industry, military industrial support and other fields relating to the security of national defence, and investments in areas surrounding military facilities and military industry facilities; and (ii) obtaining actual control over enterprises involved in important agricultural products, important energy and resources, important equipment manufacturing, important infrastructure, important transport services, important cultural products and services, important information technologies and internet products and services, important financial services, key technologies and other important fields relating to national security.

Regulations on Cybersecurity, Data Security and Privacy Protection

We are subject to certain requirements on cybersecurity, data security and privacy protection, as we are operating websites, as well as collect, store and process business, management and transaction data in the PRC during our business operations.

Network Security

In November 2016, the SCNPC promulgated the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》) ("the Cyber Security Law"), which took effect since 1 June 2017 and was last amended on 28 October 2025, and will take effect on 1 January 2026. The Cyber Security Law requires that network operators, including network service providers, shall take technical measures and other necessary measures in accordance with applicable laws and regulations and the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of its networks. The Cyber Security Law further requires network service providers to formulate contingency plans for network security incidents, report to the competent departments upon the occurrence of any incident endangering cyber security and take corresponding remedial measures according to requirements. Network operators are also required to maintain the integrity, confidentiality and availability of network data. The Cyber Security Law reaffirms the basic principles and requirements specified in other existing laws and regulations on personal data protection, such as the requirements on the collection, use, processing, storage and disclosure of personal data, and network operators being required to take technical and other necessary measures to ensure the security of the personal information they have collected and prevent the personal information from being divulged, damaged or lost. Any violation of the Cyber Security Law may subject the network services providers to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, shutdown of websites or criminal liabilities.

Pursuant to the Cybersecurity Review Measures (《網絡安全審查辦法》) jointly issued by authorities including the CAC on 28 December 2021, which took effect from 15 February 2022, critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The measures further elaborate that conducting the cybersecurity review shall focus on the assessment of a number of national security risk factors of the relevant object or situation, including: the potential risks of core data, important data, or a large amount of personal information being stolen, leaked, destroyed, illegally used or exported overseas; and the risks of critical information infrastructure, core data, important data, or the risk of a large amount of personal information being influenced, controlled or maliciously used by foreign governments after going public, and cyber information security risk.

Data Security

Pursuant to the provisions of the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), which was promulgated on 10 June 2021 and took effect on 1 September 2021, a data classification and layered protection system has been implemented based on the importance of data in the development of economy and society and the degree of impact on national security, public interests or legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked or illegally acquired or used. The Data Security Law also provides a national security review system for those data processing activities that affect or may affect national security.

The Administration Regulations on Network Data Security (《網絡數據安全管理條例》) ("Network Data Regulations"), which was promulgated on 24 September 2024 and took effect from 1 January 2025, mainly focus on personal information protection, ensuring the security of important data, establishing an efficient, convenient and secure cross-border data flow system, and regulating network platform service providers. Regarding personal information protection, the Network Data Regulations refine the provisions of the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) on notification, consent, and individual exercise of rights. To ensure the security of important data, the Network Data Regulations clarify the requirements for the formulation of important data catalogues and the obligations of network data processors to identify and report important data, stipulate the obligations of network data security managers and management agencies, and provide for risk assessment scenarios and assessment contents of important data. Targeting to establish an efficient, convenient and safe cross-border data flow system, the Network Data Regulations further optimise the cross-border data flow system based on the experience of formulating and implementing departmental regulations including the Measures for the Security Assessment of Outbound Data Transfer (《數據出境安全評估辦法》), the Measures for the Standard Contract for the Outbound Transfer of Personal Information (《個人信息出境標準合同辦法》), and the Regulations on Promoting and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》).

Regulations on Land and Real Estate

Land Assignment

Under the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the People's Republic of China (《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》), promulgated by the State Council on 19 May 1990 and amended on November 29, 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user must pay land premium to the state as consideration for the assignment of the right to use a land site within a certain term, and the land user who obtained the right to use the land may transfer, lease out, mortgage or otherwise exploit the land for economic activities within the term of use. Under these Regulations and the Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》), the local land administration authority may enter into an assignment contract with the land user for the assignment of land use rights. The land user is required to pay the land premium as provided in the assignment contract. After the full payment of the land premium, the land user must register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights.

Leasing Properties

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

Pursuant to the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development (real estate) authorities of the People's Government of the special municipality, municipality or county where the leased property is located. If a company fails to complete such procedures, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

Regulations on Intellectual Property

Patent

According to the Patent Law of the People's Republic of China (《中華人民共和國專利法》), taking effect on 1 June 2021 and the Implementation Regulation for the Patent Law of the People's Republic of China (《中華人民共和國專利法實施細則》), taking effect on 20 January 2024, the patent administrative department under the State Council is responsible for administering patents in the PRC, while the patent administration departments of the governments at the provincial level, autonomous regions and municipalities directly under the Central Government are responsible for the patent administration within their respective administrative regions. The PRC patent system adopts a "first to file" principle, which means that where more than two persons file a patent application for the same invention, a patent will be granted to the person who filed the application first. A patent is valid for twenty years in the case of an invention, ten years in the case of utility models and fifteen years in the case of designs, starting from the application date. Following the grant of patent rights for an invention or a utility model, unless otherwise stipulated in the Patent Law, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, use, offer to sell, sell or import such patented products for manufacturing and business purposes, or use the patented method and use, offer to sell, sell or import products obtained directly according to the patented method. Following the grant of design patent rights, no organization or individual shall implement the patent without licensing from the patentee, i.e. shall not manufacture, offer to sell, sell or import the design patented products for manufacturing and business purposes.

Copyright

Pursuant to the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) (the "Copyright Law") promulgated by the SCNPC on 7 September 1990 and amended in 2001, 2010 and 2020 and Regulations for Implementation of Copyright Law of the People's Republic of China (《中華人民共和國著作權法實施條例》) published on 30 May 1991 and amended in 2002, 2011 and 2013, Chinese citizens, legal persons or unincorporated organizations shall, whether published or not, enjoy copyright in their works, which include works of literature, art, natural science, social science, engineering technology and computer software. The copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of reproduction and that of distribution. The scope of copyright protection was extended to internet activities, products disseminated over the internet and software products. Unless otherwise provided in the Copyright Law, reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein shall constitute infringements of copyrights. The infringer shall undertake to cease the infringement, eliminate impact, and offer an apology, pay damages and other civil liabilities. In addition, pursuant to the provisions of the Copyright Law, authors and other copyright owners may complete the registration of their works with a registration agency recognised by the State copyright authority.

Pursuant to the Regulations on Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 4 June 1991 and most recently amended on 30 January 2013 and implemented on 1 March 2013, computer software to be protected under such Regulations must be independently developed by developers and has been fixed on certain tangible objects. Chinese residents, legal entities or other organizations shall be entitled to the copyright of the software they developed, whether published or not, in accordance with such Regulations. Software copyright commences from the date on which the development of the software is completed. The protection period for software copyright of a legal person shall be 50 years, concluding on 31 December 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 these Regulations. A software copyright owner may register with the software registration institution recognized by the copyright administration department of the State Council.

Pursuant to the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) released and implemented by the National Copyright Administration on 20 February 2002 (partially amended in 2004), the applicant for the registration of software copyright shall be the copyright owner of the said software and the natural person, legal person or other organisation that inherits, acquires or receives the software copyright. The National Copyright Administration shall be the competent governmental authority for the nationwide administration of software copyright registration and designates the China Copyright Protection Centre as the software registration authority.

Trademark Rights

According to the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), which was promulgated by the SCNPC on 23 August 1982, last amended on 23 April 2019 with effect from 1 November 2019, as well as the Implementation Regulation of the People's Republic of China Trademark Law (《中華人民共和國商標法實施條例》) adopted by the State Council on 3 August 2002, and was revised on 29 April 2014 with effect from 1 May 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks, and certification marks.

The PRC Trademark Office of China National Intellectual Property Administration (CNIPA) is responsible for the registration and administration of trademarks throughout the PRC and grants a term of 10 years to registered trademarks. Trademarks are renewable every 10 years when a registered trademark needs to be used after the expiration of its validity term. A trademark registrant may license its registered trademark to another party by entering into a trademark licensing agreement. Trademark licensing agreements must be filed with the Trademark Office. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. The trademark registration in the PRC follows a first-come principle. Where a trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a sufficient degree of reputation through such party's use. Using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages.

Domain Names

Pursuant to the Measures on Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and came into effect on 1 November 2017, the MIIT shall be responsible for managing internet domain name in the PRC. The first-come principle is implemented for domain name registration services where the corresponding detailed rules for domain name registration stipulate otherwise, such provisions shall prevail. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Integrated Circuit Layout Designs (《集成電路布圖設計保護條例》(the "Regulations on the Protection") promulgated by the State Council on 2 April 2001 and came into effect on 1 October 2001, and the Detailed Implementing Rules of the Regulations on the Protection of Layout Designs of Integrated Circuits (《集成電路布圖設計保護條例實施細則》) promulgated by the CNIPA on 18 September 2001 and came into effect on 1 October 2001, the owner of an integrated circuit layout design has exclusive rights to the design. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by laws. The protection period for the exclusive rights of integrated circuit layout designs is 10 years, calculated from the date of the design registration application or the first date of commercial use anywhere in the world, whichever is earlier. However, a layout-design is no longer protected under exclusive rights 15 years after its creation, regardless of registration or commercial use.

Regulations on Foreign Exchange Supervision

Pursuant to the principal regulations governing foreign currency exchange in PRC are the Administrative Regulations for Foreign Exchange of the People's Republic of China (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on 29 January 1996 and last amended and became effective on 5 August 2008, the foreign exchange management matters in the PRC may be divided into current items (including trade-related receipts and payments, and interest and dividend payments) and capital items (including direct equity investment, loans and divestment). Current or capital account funds can only be remitted in or out through the relevant procedures of the foreign exchange (including settlement or purchase) after obtaining the necessary permissions and reasonable review.

On 11 May 2013, the SAFE promulgated the Provisions on Foreign Exchange Control on Direct Investments in China by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) which came into effect on 13 May 2013, and was revised on 10 October 2018 and partially invalid on 30 December 2019. According to such provisions, the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

On 26 December 2014, the SAFE issued and implemented the Notice on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《關於境外上市外匯管理有關問題的通知》). According to the Notice, a domestic company shall, within 15 business days from the date of completion of its overseas listing issuance, register the overseas listing with the foreign exchange control bureau located at its registered address; after a domestic company gets listed overseas, if any of its domestic shareholders intends to increase or decrease overseas shares, the domestic shareholder shall handle overseas shareholding registration formalities with the local foreign exchange authority within twenty working days prior to the intended share increase or decrease.

On 23 October 2019, the SAFE promulgated and implemented the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》), among which, Paragraph 2 of Article 8 took effect on 1 January 2020 and was partially revised on 4 December 2023. Pursuant to the Notice, foreign-invested enterprises engaged in non-investment business are permitted to use capital funds for domestic equity investment in accordance with the laws on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws; restrictions on the use of funds for foreign exchange settlement of domestic accounts for the realization of assets have been removed and restrictions on the use and foreign exchange settlement of foreign investors' security deposits have been relaxed; eligible enterprises in the pilot area are also allowed to use revenues under capital accounts, such as capital funds, foreign debts and overseas listing revenues for domestic payments without providing materials to the bank in advance for authenticity verification on an item by item basis, while the use of funds should be true, in compliance with applicable rules and conforming to the current capital revenue management regulations.

On 10 April 2020, the SAFE issued and implemented the Notice on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》), which stipulates that eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts.

On 4 December 2023, the SAFE issued and implemented the Notice on Further Deepening Reforms to Promote the Facilitation of Trade and Investment (《關於進一步深化改革促進跨境貿易投資便利化的通知》), which provides that the equity transfer consideration funds in foreign currency received by a domestic equity transferor (including institutions and individuals) from domestic parties, as well as the foreign exchange funds raised by domestic enterprises through overseas listing, may be directly remitted to the settlement account of capital accounts. Funds in the settlement account of capital accounts may be settled and used at discretion.

On 3 April 2024, the SAFE promulgated the Capital Account Foreign Exchange Operational Guidelines (2024 version) (《資本項目外匯業務指引(2024年版)》), which came into effect on 6 May 2024, stipulates that the funds raised by the domestic companies through overseas listing shall be repatriated to the PRC in principle and may be in RMB or foreign currency.

Regulations on Foreign Direct Investment

Pursuant to the Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) promulgated by the SAFE on 13 July 2009 and effective on 1 August 2009, domestic entities may apply for foreign exchange registration for foreign direct investment upon its approval. In addition, the SAFE issued and implemented the Notice on Further Simplify and Enhance Foreign Exchange Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) on 13 February 2015 and 1 June 2015, to cancel the administrative approval for foreign exchange registration for foreign direct investment and grant banks the rights to directly review and handle foreign exchange registration for foreign direct investment.

Pursuant to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) which was issued by the MOFCOM on 6 September 2014 and came into effect on 6 October 2014, the MOFCOM and the commerce departments at provincial levels shall subject the overseas investment of enterprises to verification and approval or filing management, depending on the actual circumstances of investment. Overseas investment involving any sensitive country or region, or any sensitive industry shall be subject to verification and approval management. Overseas investment under other circumstances shall be subject to filing management.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC on 26 December 2017 and came into effect on 1 March 2018, the investing activities of enterprises in Chinese Mainland such as acquiring overseas ownerships, controlling rights, operating and management rights and other relevant interests by way of investing assets and interests or providing financing and guarantees to control its overseas enterprises, either directly or indirectly, are required to obtain approval or filing with the NDRC in accordance with the relevant conditions of the overseas investment projects. Outbound investment projects that involve sensitive countries and regions or sensitive industries shall be subject to administration of verification and approval by the NDRC, and non-sensitive outbound investment projects shall be subject to administration by record-filing. For non-sensitive projects of US$300 million or above invested by local enterprise in Chinese Mainland or carried out by overseas enterprises controlled by them, the investors shall file with the NDRC and non-sensitive outbound investment projects, of which the investment amount of investors in Chinese Mainland is less than US$300 million (exclusive) shall file with the provincial counterpart of the NDRC.

Regulations on Import and Export

According 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 on 12 May 1994 and latest amended and effective on 30 December 2022 by the SCNPC, foreign trade operators engaged in the import and export of goods or technology do not need to register with the foreign trade authority under the State Council or its authorized agencies, which shall grant a license to the consignee or consignor who applies for automatic licensing prior to completing customs clearance formalities for imports and exports subject to automatic licensing; for technologies that are free for import and export, the contract must be registered with the foreign trade department of the State Council or its authorized agency.

According to the Customs Law of the People's Republic of China (《中華人民共和國海關法》) promulgated on 22 January 1987 and last amended by the SCNPC and came into effect on 29 April 2021, the Customs of the People's Republic of China is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory, who exercise its jurisdiction in all its aspects, including supervising the transportation vehicles, goods, luggage, postal articles and other articles entering and leaving the country, collecting customs duties and other taxes and fees, preventing and combating smuggling, compiling customs statistics and handling other customs operations.

In addition, according to the Regulations of the People's Republic of China Customs on Administration of Recordation of Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on 19 November 2021 and effective from 1 January 2022, "customs declaration entities" refer to the consignees and consignors of import and export goods and customs declaration enterprises which make a filing with the customs. If the enterprises apply for filing, they shall obtain the qualification of market entities. The recordation of the customs declaration entities is valid for a long period of time. The filing of the customs declaration enterprise is valid for long term.

Regulations on Taxation

Enterprise Income Tax

The NPC promulgated the EIT Law on 16 March 2007 and revised it on 24 February 2017 and 29 December 2018. The Implementation Regulations of Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得税法實施條例》) was promulgated by the State Council on 6 December 2007, took effect on 1 January 2008, and was revised twice on 23 April 2019 and 6 December 2024. According to the EIT Law and its implementation regulations, "resident enterprises" are enterprises which are set up in China in accordance with law, or which are set up in accordance with the law of a foreign country (region) but which are actually under the administration of institutions in China; "non-resident enterprises" are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. The rate of enterprise income tax shall be 25%, however, a non-resident enterprise is generally subject to a 20% corporate income tax on PRC-sourced income, 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 high-tech enterprises that need key support from the PRC government will enjoy a tax rate reduction to 15% for EIT. Corporate income tax for qualified small profit enterprises shall be at a reduced tax rate of 20%.

Value-added tax

According to the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and latest amended on 19 November 2017, and the Detailed Implementing Rules of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the MOF and the STA on 25 December 1993 and came into effect on the same date, and was latest amended on 28 October 2011 and came into effect on 1 November 2011, entities and individuals selling goods or providing processing, repairing or replacement services, selling services, intangible assets and immovable assets and importing goods in the PRC are taxpayers of value-added tax (VAT) and shall pay a VAT.

The VAT rates in the PRC have undergone multiple reforms: (1) pursuant to the Provisional Regulations on Value-added Tax of the People's Republic of China, unless otherwise stipulated, the VAT rate is 17% for taxpayers selling goods, labour services, or tangible movable property leasing services or importing goods; 11% for taxpayers selling transportation, postal, basic telecommunications, construction, or immovable leasing services, selling immovables, transferring land use rights, or selling or importing specific goods; unless otherwise stipulated, 6% for taxpayers selling services or intangible assets. After that, (2) according to the Notice on Adjusting Value-added Tax Rates (《關於調整增值税税率的通知》), which was promulgated by the MOF and the STA on 4 April 2018, the tax rates of 17%

and 11% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively, which became effective on 1 May 2018. Subsequently, (3) pursuant to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值稅改革有關政策的公告》) promulgated by the MOF, the STA and the General Administration of Customs on 20 March 2019, the value-added tax rates of 16% and 10% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively, which became effective on 1 April 2019.

On 25 December 2024, the SCNPC promulgated the Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》), which will come into effect on 1 January 2026, when the Provisional Regulations on Value-added Tax of the People's Republic of China will be abolished simultaneously.

Tax Preference Policies for Integrated Circuit industry

Pursuant to the Guidelines on Tax Preference Policies for Software and Integrated Circuit Enterprises (2022) (《軟件企業和集成電路企業稅費優惠政策指引(2022)》) issued and implemented by the STA in May 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, including but not limited to, regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

In addition, the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (《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 MOF, the General Administration of Customs and the STA on 16 March 2021, stipulates that import behaviours that conform to the circumstances listed in this regulation are exempt from import duties. The implementation period is from 27 July 2020 to 31 December 2030. According to the provisions of the Notice on the Additional Value-Added Tax Deduction Policy for Integrated Circuit Enterprises (《關於集成電路企業增值稅加計抵減政策的通知》) issued by the STA and the MOF on 20 April 2023, from 1 January 2023 to 31 December 2027, integrated circuit design, production, packaging and testing, equipment, and material enterprises enjoy an additional deduction, 15%, of the input VAT that can be credited in the current period from the output VAT payable. A list management system will be adopted for enterprises eligible for the additional deduction policy. The specific applicable conditions, management methods and enterprise lists will be formulated by the MIIT in conjunction with other departments.

Regulations on Dividend Distribution

Dividend Distribution System

The principal laws and regulations regulating the distribution of dividends by FIEs in the PRC include the PRC Company Law, the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) and its Implementation Rules for 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》). Under the current regulatory regime in China, FIEs in China could only pay dividends only out of their retained earnings, determined in accordance with PRC accounting standards and regulations. Where a company in the PRC (including a foreign-invested enterprise) distributes its after-tax profits for the current year, it shall allocate 10% of the profits as the company statutory common reserve. The company may make no more allocation should the accumulated balance of the Company's statutory common reserve account for more than 50% of the company registered capital. If the statutory revenue reserve is not sufficient to cover the losses made in the previous year, the profits of the current year shall be used to cover such losses before making allocation to the aforesaid statutory revenue reserve. After making allocation to the statutory revenue reserve, the company may make allocation of profit after tax to the discretionary revenue reserve subject to the resolution at general meetings.

Pursuant to the Foreign Investment Law of the People's Republic of China, the capital contributions, profits, capital gains, proceeds out of asset disposal, licensing fees of intellectual property rights, indemnity or compensation legally obtained, or proceeds received upon settlement by foreign investors within China, may be freely remitted inward and outward in RMB or a foreign currency.

Dividend Withholding Tax

Pursuant to the Reply of the Imposition of Enterprise Income Tax on B-share and Other Dividends of Non-resident Enterprises (《關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》) that was promulgated and implemented by the STA on 24 July 2009, resident enterprises in the PRC with shares of public issuance and listing (A shares, B shares and overseas shares) in the PRC and abroad shall withhold and pay corporate income tax at a uniform rate of 10% when distributing dividends to non-resident enterprise shareholders in 2008 and later years. Non-resident enterprise shareholders wishing to enjoy tax treaty treatment shall proceed in accordance with the relevant provisions of the tax treaty.

The Notice on the Taxation Policies Related to the Pilot Programme of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the MOF, the STA and CSRC on 31 October 2014 and came into effect on 17 November 2014 stipulates: (1) for the dividend gained by Mainland individual investors who invest in the H Shares listed on the Hong Kong Exchange through the Shanghai-Hong Kong Stock Connect, the company of the H Shares should apply to China Securities Depository and Clearing Corporation Limited (CSDC), which will provide the H-share company with a list of mainland individual investors. The company of the H Shares shall withhold on behalf of these shareholders individual income tax at the rate of 20% in the distribution of dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of CSDC for tax credit relating to the withholding tax already paid abroad. For dividends obtained by mainland securities investment funds that invest in the shares listed on the Hong Kong Exchange through the Shanghai-Hong Kong Stock Connect, the company will withhold individual income tax in the distribution of dividend pursuant to the foregoing provisions. (2) The dividends obtained by mainland enterprise investors that invest in the shares listed on the Hong Kong through the Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to corporate income tax in accordance with the law. Among them, the dividends obtained by mainland resident enterprises that have held H shares for 12 consecutive months are exempt from corporate income tax in accordance with the law.

According to the Treaty on the Avoidance of Double Taxation and Tax Evasion between Chinese Mainland and Hong Kong (《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》), in respect of the dividends paid by a PRC resident enterprise to a Hong Kong resident, the withholding tax shall not exceed 5% of the total dividends if the payee beneficially owns 25% or more interest in the payor; otherwise, such withholding tax shall not exceed 10% of the total dividends.

Regulations on Labour and Employment

Labour Law and Labour Contract

According to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) issued by the SCNPC on 5 July 1994, most recently amended on 29 December 2018 and became effective on the same day, every employer must ensure workplace safety and sanitation in accordance with national laws and regulations, provide relevant training to labours, prevent accidents in the process of labour, and lessen occupational hazards.

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》) issued by the SCNPC on 29 June 2007, amended on 28 December 2012 and became effective on 1 July 2013, a written contract of employment shall be entered into to establish labour relationship; if the labour remuneration is lower than the local minimum wage standard, the difference should be paid.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) issued by the SCNPC on 28 October 2010, last amended on 29 December 2018 and became effective on the same day, as well as other relevant provisions, an employee shall participate in five types of social insurance funds, including pension, medical, unemployment, maternity and occupational injury insurance. The premiums for maternity insurance and occupational injury insurance are paid by the employer, while the premiums for pension insurance, medical insurance and unemployment insurance are paid by both the employer and the employee. If the employer fails to fully contribute to social insurance funds on time, the collection agency for such social insurance may demand the employer to make full payment or to pay the shortfall within a set period and collect a late charge. If the employer fails to pay after the due date, the relevant government administrative body may impose a fine on the employer. An employer shall, within thirty days from the date of incorporation of the entity, proceed with the business license, registration certificate or entity seal to the local social insurance agency to apply for social insurance registration. An employer shall, within thirty days after taking on labour, proceed to the social insurance agency to apply for social insurance registrations on behalf of the employees.

According to the Supreme People's Court's Interpretation (II) on Several Issues Concerning the Application of Law in Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》) issued by the Supreme People's Court on July 31, 2025, which became effective on September 1, 2025, any agreement between an employer and an employee to waive social insurance contributions, or any undertaking by an employee that such contributions need not be paid, shall be deemed null and void. And if an employer fails to make social insurance contributions in accordance with applicable laws for an employee, such employee is entitled to unilaterally terminate the labor contract and demand statutory economic compensation according to the Labor Contract Law of the PRC. As advised by our PRC Legal Adviser, in the absence of material employee complaints, reports or related lawsuits/arbitrations, the likelihood for us of being subject to centralized collection of underpaid contributions or significant administrative penalties as a result of the New Judicial Interpretation is remote. See "Risk Factors — Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions."

According to the Housing Provident Fund Regulations (《住房公積金管理條例》) which was promulgated by the State Council on 3 April 1999, latest revised on 24 March 2019 and became effective on the same day, enterprises must register with the competent managing centre for housing funds and contribute on behalf of their employees to housing funds. For employers who fail to contribute on time as required may be ordered to make up within a stipulated time limit, and the application to the court for mandatory enforcement may be conducted against those who still fail to comply after the expiry of such period.

Regulations on Anti-Monopoly and Anti-Unfair Competition

Anti-Monopoly

Pursuant to the Anti-Monopoly Law of the People's Republic of China (《中華人民共和國反壟斷法》) (the "Anti-Monopoly Law") promulgated by the SCNPC on August 30, 2007, which came into effect on 1 August 2008 and last amended on 24 June 2022, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition.

According to the provisions of the Anti-Monopoly Law, "monopolistic agreements" refer to the agreements, decisions or other concerted practices to eliminate or restrict competition. Competing business operators, or operators and their transaction counterparties, are prohibited to enter into monopoly agreements specified by the Anti-Monopoly Law between each other, such as by fixing or changing the price of commodities, limiting the number of output or selling of commodities, dividing the sales markets or the raw material procurement markets, and fixing the price of goods for resale to third parties, unless the agreement will satisfy the exemptions under the Anti-Monopoly Law. Operators shall not organize other operators to reach a monopoly agreement or provide substantial assistance to other operators in reaching a monopoly agreement.

According to the provisions of the Anti-Monopoly Law, "abuse of dominant market position" refers to a business operator with a dominant market position to abuse its dominant market position to conduct acts, including seven prohibited categories of acts listed in the Anti-Monopoly Law, among others: (1) selling commodities at unfairly high prices or buying commodities at unfairly low prices; (2) selling products at prices below cost without any justifiable cause; (3) refusing to trade with a trading party without any justifiable cause. Among them, "dominant market position" shall mean that an undertaking is able to control the prices, quantities or any other terms of transaction in the relevant market or is able to obstruct and affect the entry of other undertakings into the relevant market. The SAMR issued the Provisions on the Prohibitions of Acts of Abuse of Dominant Market Positions (《禁止濫用市場支配地位行為規定》) on 10 March 2023 which became effective on 15 April 2023, to further prevent and eradicate the abuse of dominant market position.

According to the provisions of the Anti-monopoly Law, "concentration of undertakings" refers to (1) merger of undertakings; (2) acquisition of control over other undertakings by an undertaking through acquisition of equity or assets; (3) acquisition of control over other undertakings by an undertaking through contract or any other means or ability to exert decisive impact on other undertakings. Where a concentration of undertakings reaches the filing threshold by the State Council, undertakings shall declare in advance to the anti-monopoly law enforcement agencies of the State Council and may not implement concentration without making the declaration. Where a concentration of undertakings fails to reach the filing threshold by the State Council, there is evidence that the concentration of undertakings has or may have the effect of excluding or limiting competition, the State Council anti-monopoly law enforcement authority may order the operators to file the concentration of undertakings.

However, where one of the following is the case relevant to an operator consolidation, declaration to the State Council anti-monopoly law enforcement authorities is not required: (1) one of the parties to a consolidation holds fifty percent or more assets or shares that grant voting rights in each of the other Operators; or (2) in each of the parties to a consolidation, fifty percent or more assets or shares that grant voting rights in said operators are held by the same business operator which is not party to the consolidation.

Anti-Unfair Competition

Pursuant to the provisions of the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》) (the "Anti-Unfair Competition Law") promulgated by the SCNPC on 2 September 1993, latest amended on 27 June 2025 and came into effect on 15 October 2025, "unfair competition" refers to that the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-Unfair Competition Law in the production and operating activities. Among them, the "operator" refers to "natural persons, legal persons and unincorporated organizations engaged in the production and operation of goods or provision of services (hereinafter as goods including services)". Pursuant to the provisions of the Anti-Unfair Competition Law, operators: (1) shall not conduct misleading behaviours; (2) shall not bribe the entities or individuals with property or by other means; (3) shall neither not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honours received of its commodities to defraud or mislead consumers and other operators, nor help other operators to conduct false or misleading commercial publicity by means including organizing false transactions and false reviews; (4) shall not infringe on trade secrets; (5) shall not fabricate or disseminate nor instruct another person to fabricate or disseminate false or misleading information or damage the business reputation of the other operators or their goods. Furthermore, operators conducting sales with prizes or engaging in production or operations activities online shall also abide by the relevant provisions of the Anti-Unfair Competition Law.

Regulations on Securities and Filing for Overseas Listing

Laws and Regulations on Securities

The PRC Securities Law, which was promulgated by the SCNPC on 29 December 1998, and was latest amended on 28 December 2019 and took effect on 1 March 2020, comprehensively regulating activities in the Chinese Mainland securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The PRC Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas for trading shall comply with the relevant provisions of the State Council. The CSRC is the securities regulatory body set up by the State Council to supervise the securities market according to law, maintain order in the market. Currently, the issue and trading of H shares are principally governed by the laws and regulations, rules and normative documents promulgated by the State Council and the CSRC.

Filing for Overseas Listings

Pursuant to the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on 17 February 2023 and became effective on 31 March 2023, together with supporting guidelines applicable for regulation rules, the unified management of filings shall be implemented for direct or indirect overseas offerings of securities and listings by domestic enterprises. All issuers are required to complete the filing procedures and report relevant information to the security regulatory authority of the State Council. Issuers listing directly in overseas markets are required to file with the CSRC within three working days after submitting its application for overseas listing.

Pursuant to the provisions of the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, no overseas offering of securities and listing shall be made under any of the following circumstances for domestic enterprises:

(1) such financing for listing is explicitly prohibited by provisions in laws, administrative regulations or relevant state rules;

(2) the intended overseas securities offering and listing may endanger national security as reviewed and determined by relevant competent authorities under the State Council in accordance with law;

(3) the domestic enterprise, its controlling shareholders or the actual controller, have committed criminal offences such as corruption, bribery, misappropriation of property, embezzlement, or undermining the order of the socialist market economy during the recent three years;

(4) the domestic enterprise is suspected of committing criminal offences or major violations of laws, and is under investigation according to law and no conclusion or opinion has yet been made thereof;

(5) there are material ownership disputes over equity held by its controlling shareholders or by shareholders that are controlled by the controlling shareholder or actual controller.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of

Chinese Mainland by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of Chinese Mainland. Cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATION ENVIRONMENT IN HONG KONG, CHINA

Overview of the Laws and Regulations Relating to Our Business and Operations in Hong Kong.

Regulation on Business Registration

Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) ("BRO")

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

Regulations on Employment and Labor

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

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

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

- making arrangements for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant and substances;

- providing information, instruction, training and supervision as may be necessary to ensure the safety and health at work of the employees;

- as regards any workplace under the employer's control, maintaining the workplace in a condition that is safe and without risks to health or providing or maintaining means of access to and egress from the workplace that are safe and without any such risks; and

- providing or maintaining a working environment for the employees that is safe and without risks to health.

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

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

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

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

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

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

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

The ECO establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or deaths caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. Under the ECO, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents.

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

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

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

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

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

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

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

Regulations on Taxation

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

As our Group carry out business in Hong Kong, the Company are subject to the profits tax regime under the IRO. The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is currently at 8.25% on assessable profits up to HK$2,000,000; and 16.5% on any part of assessable profits over HK$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowance for depreciation.

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

(a) Any person who without reasonable excuse files an incorrect return commits an offence under section 80(2) of the IRO and is liable on conviction to a fine at level 3 (i.e. HK$10,000) and a further fine of treble the amount of tax which has been undercharged as a result of the incorrect return, statement or information or omission, or would have been so undercharged if the return, statement or information had been accepted as correct or the omission had not been detected.

(b) Any person who willfully with intent to evade or to assist any other person to evade tax omits from a return any sum which should be included commits an offence under section 82(1) of the IRO is liable:

    (i) on summary conviction to a fine at level 3 (i.e. HK$10,000), a further fine of treble the amount of tax which has been undercharged in consequence of the offence or which would have been undercharged if the offence has not been detected and imprisonment for 6 months; and

    (ii) on indictment to a fine at level 5 (i.e. HK$50,000), a further fine of treble the amount of tax which has been undercharged in consequence of the offence or which would have been undercharged if the offence has not been detected and imprisonment for 3 years.

(c) Under sections 80(5) and 82(2) of the IRO, the Commissioner of Inland Revenue may compound any offence in lieu of prosecution.

(d) Under section 82A of the IRO, any person who without reasonable excuse makes an incorrect return by omitting or understating anything in respect of which he is required to make a return, shall, if no prosecution under section 80(2) or 82(1) has been instituted in respect of the same facts, be liable to be assessed to additional tax of an amount not exceeding treble the amount of tax undercharged as a result of the filing of the incorrect tax return.

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

Regulations on Data Protection

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

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

The Data Protection Principles are summarized as follows:

(1) Adequate personal data should be collected (i) for a lawful purpose, which is necessary for and directly related to a function or activity of the data user, (ii) by fair and lawful means. The person whose data is being collect is informed (a) that whether he is obligatory or voluntary for him to supply the data, (b) the purpose of the collection and the class of persons to whom the data may be transferred, (c) on or before, his right to access and correct the data collected and the information of the person who might handle such requests.

(2) All practicable steps shall be taken to ensure the accuracy of the person data collected, and kept not long than is necessary.

(3) Personal data should not be used for the purposes outside of the person's consent.

(4) All practicable steps shall be taken to ensure that any personal data held by a data user is protected against unauthorized or accidental access, processing, erasure, loss or use.

(5) All practicable steps shall be taken to ensure that a person can (a) ascertain a data user's policies and practices in relation to personal data; (b) be informed of the kind of personal data held by a data user; (c) be informed of the main purposes for which personal data held by a data user is or is to be used.

(6) A data subject shall be entitled to ascertain whether a data user holds personal data of which he is the data subject and request access to personal data. The data subject should be given reasons if the request is refused and right to object to the refusal.

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

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

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

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

Regulations on Intellectual Property Rights

Copyrights Ordinance (Chapter 528 of the Laws of Hong Kong)

The Copyright Ordinance recognizes copyright as a property right subsisting in various forms of works.

Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorizes another to do, any of the acts restricted by the copyright, which includes (also known as primary infringement): (a) copying the work; (b) issuing copies of the work to the public; (c) renting copies of the work to the public; (d) making available copies of the work to the public; (e) performing, showing or playing the work in public; (f) broadcasting the work or including it in a cable program service; (g) making an adaptation of the work or doing any of the above in relation to an adaptation; and (h) other acts referred to in Part II of the Copyright Ordinance.

The Copyright Ordinance also provides for the acts which are categorized as secondary infringement, they include, amongst others: possessing, exhibiting, or distributing for the purpose of or in the course of any trade or business (it being immaterial whether or not the trade consists of dealing in infringing copies of copyright works); selling or letting for hire, or offering or exposing for sale or hire; or distributing otherwise to affect prejudicially the copyright owner, an infringing copy.

Commission of secondary infringement is a criminal offence if the infringer knows or has reason to believe the copy of a work to be an infringing copy of the work. For the sale of an infringing copy in the course of any trade or business, upon conviction on indictment, the infringer is liable to a fine at HK$50,000 in respect of each infringing copy and to imprisonment for four years.

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

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

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

(1) which is identical to the trade mark in relation to goods or services which are identical to those for which it is registered;

(2) which is identical to the trade mark in relation to goods or services which are similar to those for which it is registered, and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public;

(3) which is similar to the trade mark in relation to goods or services which are identical or similar to those for which it is registered and the use of the sign in relation to those goods or services is likely to cause confusion on the part of the public; or

(4) which is identical or similar to the well-known trade mark in relation to any goods or services, and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or repute of the trade mark.

Regulations on Anti-money Laundering and Counter-terrorist financing

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

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

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

Among other things, the OSCO empowers officers of the Hong Kong Police Force and the Hong Kong Customs & Excise Department to investigate organised crime and triad activities, and confers jurisdiction on the Hong Kong courts to confiscate the proceeds of organised and serious crimes, to issue restraint orders and charging orders in relation to the property of defendants of specified offences under the OSCO. The OSCO extends the money laundering offence to cover the proceeds from all indictable offences in addition to drug trafficking.

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

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

REGULATORY ENVIRONMENT IN TAIWAN, CHINA

Set out below is a summary of the major laws and regulations of Taiwan which our business operations in Taiwan would be subject to:

Laws and Regulations Relating to Daily Operations

Cross Strait Investment

In Taiwan, pursuant to the Measures Governing Investment Permit to the People of Mainland Area (大陸地區人民來台投資許可辦法) (announced on 3rd July 2009 and latest amended on 30th December 2020) (the "**Measures**"), which is stipulated according to Paragraph 2 of Article 72 and of the Paragraph 3 of Article 73 of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area (台灣地區與大陸地區人民關係條例) (announced on 16th September 1992 and latest amended on 8th June 2022) (the "**Act**"), the investors of the Mainland Area (the "**Mainland investors**") including the individuals, juristic persons, organizations, other institutions from Mainland and the companies they invest into in a third area, shall submit applications, together with the investment plans, certificates and other required documents, to the Department of Investment Review, Ministry of Economic Affairs (the "**DIR**") for approval prior to investment. The same shall apply if and when such investment plans be changed or amended or any of such investors assign or transfer the investment to a third party. Furthermore, according to Paragraph 1 Article 73 of the Act and Paragraph 2 of Article 8 of the Measures, Mainland Investors may be prohibited from investing in the following enterprises which: (i) are in position of economic exclusive occupancy, oligopoly or monopoly; (ii) have political, social and cultural sensitivity or impact upon national security; and (iii) have negative influence upon the national economic development or financial stability, and the invested industry and business shall be also subject to the Positive List for Mainland Investors (大陸地區人民來台投資業別項目正面表列) announced by the DIR.

The invested companies in a third area mentioned in the preceding paragraph refer to those invested by the individuals, juristic persons, organizations and other institutions from Mainland and in one of the following situations: (i) directly or indirectly holding the shares issued by such invested company or the total contributing amount exceeding thirty percent (30%); or (ii) having the controlling power over the companies in a third area. Additionally, the Mainland Investors shall apply for the foreign exchange settlement against the interest accrued on his annual income, or against the profit surplus distributed to such Mainland Investors from his investment.

Pursuant to Article 386 of the Taiwan Company Act (announced on 26th December 1929 and latest amended on 29th December 2021), a foreign company may designate a representative to establish a representative office in Taiwan. In the case of a representative office established by profit-seeking enterprises from Chinese Mainland or by their invested profit-seeking enterprises in a third area (大陸地區之營利事業或其於第三地區投資之營利事業), it shall comply with the Regulations Governing the Permission of Establishing Branches or Representative Offices in Taiwan by Profit-Seeking Enterprises in Chinese Mainland or Their Invested Profit-Seeking Enterprises in a Third Area (大陸地區之營利事業或其於第三地區投資之營利事業在台設立分公司或辦事處許可辦法) (announced on 3rd July 2009 and latest amended on 17th November 2022) (the "**Representative Office Regulation**"), including but not limited to (i) only performing the permissible activities (e.g. contracting, providing quotations, price negotiations, bidding, procurement, market research, and the collection, compilation, and analysis of market-related data) and being prohibited from engaging in research and development activities based on Article 14, and (ii) being prohibited from engaging activities set forth in Article 18.

Foreign Exchange Control

In Taiwan, foreign exchange control are mainly governed by the Foreign Exchange Regulation Act (管理外匯條例) (announced on 11th January 1949 and latest amended on 29th April 2009) (the "**FERA**"). Under the Foreign Exchange Regulation Act, the Central Bank of Republic of China (Taiwan) is authorized in charge of foreign exchange business and stipulating the declaration rules, i.e. the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions (外匯收支或交易申報辦法) (announced on 30th August 1995 and latest amended on 26th December 2022).

Pursuant to Article 6-1 of the FERA and Articles 4 to 6 of the Regulations Governing the Declaration of Foreign Exchange Receipts and Disbursements or Transactions, a company, established in the R.O.C. pursuant to the laws of the R.O.C. or recognized by and registered with the government of the R.O.C., shall declare its foreign exchange receipts, disbursements or transactions as required according to the remittance brackets and the natures of relevant transactions extracted as follows.

A. No deed for declaration — for foreign exchange receipts, disbursements or transactions involving less than NT$500,000 or its equivalent in foreign currency.

B. Direct declaration of foreign exchange settlement — for settlements against the New Taiwan dollar in the following foreign exchange receipts and disbursement or transactions:

   (a) Foreign exchange receipts from export of goods or provision of services to non-residents;

   (b) Foreign exchange disbursements for import of goods, or for services provided by non-residents;

   (c) Foreign exchange purchased or sold within the annual aggregate settlement amount not exceeding the equivalent of US$50 million; and

   (d) Foreign exchange sold by a representative or business office that does not have operating income in Taiwan to cover its office expenses.

C. Declaration of foreign exchange settlement requiring documentation — for settlement of foreign exchange against the New Taiwan dollar in the following foreign exchange receipts and disbursement or transactions:

(a) A single remittance with an amount over the equivalent of US$1 million; and

(b) Remittances approved by the competent authorities for direct investment, portfolio investment or futures trading; and

(c) Remittances for transactions conducted within the territory of the R.O.C. involving goods or services located outside the territory of the R.O.C.

D. Declaration of foreign exchange settlement requiring approval — for settlement of foreign exchange against the New Taiwan dollar in the foreign exchange receipts and disbursement or transactions where essential remittances by the company whose annual aggregate settlement amount of foreign exchange purchased or sold has exceeded the equivalent of US$50 million.

Labor and Safety Law

Employment

In Taiwan, for the purpose to protect labor rights and interests, strengthen employee-employer relationships and promote social and economic development, the Labor Standards Act (勞動基準法) (announced on 30th July 1984 and latest amended on 31st July 2024) (the "LSA") provides the minimum standards of the terms and conditions to govern the employment. Any employment relationship and business/industry applicable to such act shall comply with the requirements regulated therein, and those terms and conditions of employment agreement below the minimum standards or contrary to the provisions of the Labor Standards Act shall be deemed void and unenforceable.

The LSA establishes standards with respect to labor contracts, wages, working hours, recess and holidays, juvenile workers and female workers, apprentices, retirement, compensation for occupational accidents, and work rules. Any employer who violates the provisions of the LSA, as the case may be, will be imprisoned, detained and/or fined.

Furthermore, in addition to the LSA, the Act of Gender Equality in Employment (性別工作平等法) (announced on 16th January 2002 and latest amended on 16th August 2023), the Regulations of Leave-Taking of Workers (勞工請假規則) (announced on 20th March 1985 and latest amended on 1st May 2023) and other relevant laws and regulations shall also apply.

Labor Pension

In order to protect labors' livelihood after retirement, consolidate the relations between employees and employers, and promote social and economic developments, employers are obligated to fund pension for their employees for full compliance with the Labor Pension Act

(勞工退休金條例) (announced on 30th June 2004 and latest amended on 15th May 2019) (the "**LPA**") and the Labor Standards Act. In accordance with Article 7 of the Labor Pension Act, all domestic employees who are subject to the Labor Standards Act shall be subject to the new scheme.

Pursuant to Article 14 of the LPA, the contribution rate by an employer to the individual pension fund accounts at the Bureau of Labor Insurance on a monthly basis shall not be less than six percent (6%) of employee's monthly wage and an employee may also contribute per month, up to six percent (6%) of his/her monthly wages to the pension fund account. The full amount of the voluntary pension contribution made by an employee may be deducted from the employee's taxable income in the year concerned. Based on Article 24 of the LPA, an employee who is sixty (60) years old or above and whose seniority is more than fifteen (15) years, is entitled to monthly pension payments; if an employee whose seniority is less than fifteen (15) years shall be entitled to a lump sum pension payment. Seniority shall be calculated based on the number of years for which contributions to the pension fund were made.

An employer fails to contribute to the pension on monthly basis or in full for an employee in accordance herewith, employer is liable for any damages caused to the employee. Additionally, an employer who is in violation of Article 14 and fails to duly or fully contribute the amount of labor pension is required to pay penalty at three percent (3%) of the amount of contribution on a daily basis for the period from the date following the expiration date until the date preceding the settlement date.

Labor & Health Insurance

According to the Labor Insurance Act (勞工保險條例) (announced on 21st July 1958 and latest amended on 28th April 2021) (the "**LIA**") and the National Health Insurance Act (全民健康保險法)(announced on 9th August 1994 and latest amended on 28th June 2023) (the "**NHIA**"), in order to protect labors' livelihood and promote social security, employees from fifteen (15) years old to sixty-five (65) years old who applies to the requirements prescribed in Article 6 of the LIA as well as the Article 8 of the NHIA shall all be insured under those program.

The insurance premium of those insurance is calculated based on the insured person's salary/payroll and insurance premium rate. After the implementation of the NHIA, which is compulsory social insurance, aside from the medical payments for ordinary accidents are handled by the National Health Insurance Administration, existing labor insurance covers other ordinary accidents including maternity, injury, sickness, disability, old-age, and death benefits.

Any breach of such acts by either an employee or an insured unit will be punished by a monetary penalty. The employer will be subject to penalty no less than NT$100 and no more than NT$500; while the insured unit will be imposed a fine between two times to four times of the insurance premiums the insured unit have failed to pay for the employee, depending on which provisions of the Labor Insurance Act the insured unit have violated.

Laws and Regulations Relating to Properties

Trademark

The Trademark Act (商標法) (announced on 6th May 1930 and latest amended on 24th May 2023) is enacted for protection of the rights of trademark, certification mark, collective membership mark, collective trademark and the interests of consumers, maintenance of fair competition, and promotion of development of the industry and commerce.

According to Articles 68 and 70 of the Trademark Act, using a trademark which is identical with or similar to the registered trademark and used in relation to goods or services identical with or similar to those for which the registered one is designated, and hence there exists a likelihood of confusion on relevant consumers and/or knowingly using a trademark which is identical with or similar to another person's well-known registered trademark, and hence there exists a likelihood of dilution of the distinctiveness or reputation of the said well-known trademark in the course of trade and without consent of the proprietor of a registered trademark, constitute or will be deemed infringement of the right of such trademark, or any person who, without the consent of the proprietor of a registered trademark, manufactures, sells, possesses, displays, exports, or imports labels, tags, packaging, containers, or service-related articles that bear trademarks the same or similar to said registered trademark of the identical or similar goods or services in the course of trade for their own use or for others, shall also be deemed an infringer of the right of such trademark. Companies which infringe others' trademark rights will face civil liabilities (Article 69) and criminal charges of imprisonment for a period not exceeding three years and/or a fine not exceeding NT$200,000 (Article 95). However, according to Article 36, a registered trademark shall not entitle the proprietor to prohibit a third party from (a) indicating his/her own name, or the term, shape, quality, nature, characteristic, intended purpose, place of origin, or any other description in relation to his/her own goods or services, in accordance with honest practices in industrial or commercial matters and not using it as a trademark; (b) indicating the purpose of use of goods or services in accordance with honest practices in industrial or commercial matters, where it is necessary to use the registered trademark to indicate goods or services of the proprietor. It shall not apply if there exists a likelihood of confusion among relevant consumers as a result of such use; (c) using where it is necessary for the goods or services to be functional; and (d) using bona fide, prior to the filing date of the registered trademark, an identical or similar trademark on goods or services identical with or similar to those for which the registered trademark is protected, provided that the use is only to the original extent; the proprietor of the registered trademark is entitled to request the party who use the trademark to add an appropriate and distinguishing indication.

Patent

Pursuant to the Patent Act (專利法) (announced on 29th May 1944 and latest amended on 4th May 2022), there are three types of patents: invention patents, utility model patents, and design patents. The respective patent terms are 20, 10, and 15 years, all calculated from the filing date of a patent application, while the patent rights are actionable from the issue date of the patent. A third-party user must obtain consent or a proper license from the patent owner to use the patent expect for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights.

As Taiwan is not a member of the Patent Cooperation Treaty (the "**PCT**"), it is not possible to file a national stage patent application in Taiwan of a PCT application. However, as Taiwan is a member of the WTO and hence subject to the rules of the Paris Convention incorporated into the TRIPS Agreement, any foreign applicant, whose country of origin is a WTO member or who has a domicile or a place of business within the territory of a WTO member jurisdiction, is entitled to claim priority in Taiwan based on his invention patent or utility model application (including a PCT application) first filed in any member country of the WTO within 12 months (or 6 months in case of a design application) of the filing date in Taiwan.

LAWS AND REGULATIONS RELATING TO U.S. EXPORT CONTROLS AND SANCTIONS

The Export Administration Regulation (the "**EAR**") regulates U.S. export control, and the Bureau of Industry and Security (the "**BIS**") of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. 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 or transfer.

The EAR applies to all items (i.e., commodities, software, and technology) that are "subject to the EAR," which include not only U.S.-made items or items physically in the United States, but also to certain foreign-made commodities, namely Non-U.S. made items. The non-U.S. made items are subject to the EAR if they meet the Direct Foreign Product Rule or De Minimis Rule.

- Under the Foreign Direct Product Rule, a non-U.S.-made item will be subject to the EAR if it is:

  (a) a direct product of certain U.S.-origin software or technology; or

  (b) produced by a plant or a major component of a plant located outside the United States, where that plant or component is itself a direct product of specified U.S.-origin software or technology.

  The application of Foreign Direct Product Rule to a specific item depends on U.S. technology and software involved, characteristic of the finished products, intended destination and end-user or end use of the finished products.

- Under the De Minimis Rule, a non-U.S.-made item will be subject to EAR if it is physically incorporated or bundled with "controlled" U.S.-origin content in excess of a de minimis percentage, which is currently 25% for items exported to China.

EAR restrictions on export, re-export, or transfer of any items subject to the EAR

As long as the item is subject to the EAR, any export, re-export, or transfer of such an item will be subject to EAR.

For items subject to the EAR, whether a U.S. export license is required depends on (i) the classification (ECCN (as defined below) or EAR-99) and control reasons, (ii) destination country, and (iii) end-user/end use.

Items subject to the EAR can be classified into EAR-99 and items with Export Control Classification Number ("**ECCN**").

- **EAR-99:** The non-sensitive products and technology are generally designated as EAR-99, which are to be controlled if transferred to sensitive destinations, end-users or end-uses. The EAR-99 can be exported, re-exported, or transferred to most entities without a license, unless to an embargoed or sanctioned country, a sanctioned end user, or a prohibited end-use. controlled if transferred to sensitive destinations, end-users or end-uses.

- **Items with ECCNs**: Typically, the items with ECCNs are intrinsically sensitive or strategic goods or technology, and are to be controlled due to such intrinsic sensitivity for reasons such as anti-terrorism, national security, regional stability and crime control. For example, generally for items with ECCNs controlled for "anti-terrorism" reasons, exporting those items to a non-sanctioned entity in China (which is not an embargo country under the definition of EAR) does not require an export license.

License applications would be subject to review under varying policies (e.g., presumption of approval, presumption of denial, or a case-by-case review) as further described in the EAR. In addition, there are license exceptions available under stated conditions allowing products with ECCNs to be exported, re-exported, or transferred without a license. For example, as stated in §740.17 of the EAR, License Exception ENC authorizes export, re-export, and transfer of encryption items such as 5A002 without a license.

EAR restrictions on certain sanctioned entities

Moreover, the BIS publishes multiple lists of entities and individuals subject to licensing requirements and other restrictions on transactions involving products subject to the EAR. The Entity List is a catalogue of individuals and entities subject to specific licensing requirements for the export, re-export, or transfer of certain products and technology subject to the EAR. The Entity List identifies the specific licensing requirements. To be specific, generally, for any entity designated on the Entity List, export, re-export, or transfer any items subject to the EAR (including EAR-99) would trigger a license requirement. The BIS licensing policy for many entities is a presumption of denial of any licensing request.

Therefore, it is essential for U.S. persons and foreign persons (including foreign companies) to determine if their items are subject to the EAR.

The EAR also specifies ten general prohibitions, including the prohibition of exporting controlled items subject to the EAR to sanctioned countries, exporting items subject to the EAR without a proper license, transferring the items to prohibited end-uses or end-users, etc (the "**General Prohibition 10**"). The General Prohibition 10 also considers proceeding with transactions with knowledge that a violation has occurred or is about to occur as a violation of the EAR. In other words, one (including non-U.S. person) may not sell, transfer, export, reexport, finance, order, buy, remove, conceal, store, use, loan, dispose of, transport, forward, or otherwise service, in whole or in part, any item subject to the EAR and exported, reexported, or transferred (in-country) or to be exported, reexported, or transferred (in-country) with knowledge that a violation of the EAR has occurred, is about to occur, or is intended to occur in connection with the item.

EAR restriction on U.S. persons

The EAR also includes certain restrictions on the conduct of U.S. persons applicable regardless of the involvement of any items subject to the EAR. Under the EAR, U.S. persons are prohibited from design, development, production, operation, installation, maintenance (checking), repair, overhaul, or refurbishing of nuclear explosive devices, missiles, chemical or biological weapons, military-intelligence end use or military-intelligence end user in China, Russia, or Venezuela; or a country listed in Country Groups E:1 or E:2.

Especially, U.S. persons are required to obtain a license if they know that the items, regardless of whether they are subject to the EAR, will be exported, re-exported, or transferred to be used in the development or production of Advanced-node ICs at a facility headquartered in, or whose ultimate parent company is headquartered in, either Macau or a destination specified in Country Group D:5 (including China). The U.S. jurisdiction applies to goods, software and technology that are subject to the EAR and located anywhere in the world.

Impact on the Company

The items that are subject to EAR, while do not require licence to obtain

Certain items procured by the Company, including software (such as EDA) and hardware (such as storage systems and servers) are originated from the U.S. or meet the Direct Product Rule or De Minimis Rule, and therefore, are subject to EAR including EAR-99 and items with ECCNs. As advised by the DLA Piper, for items procured by us that are subject to EAR, including software and hardware, our procurement of such items which are subject to EAR would not require a license or would be subject to a license exemption based on the classifications provided by the suppliers of such items, because (i) those items are non-sensitive or relatively less sensitive, (ii) China is not an embargo country as defined by the EAR or subject to comprehensive controls, and (iii) the Company is not a sanctioned target, and the end use is not restricted. The procurement amounts of such items and EAR-99 Items were RMB107.9 million, RMB38.8 million and RMB76.5 million in 2022, 2023 and 2024, respectively, accounting for 1.93%, 0.89% and 1.45% of the total procurement amount of the Company during the respective years.

Although the Company is not currently required to obtain a license under EAR to procure those software and commodities, it remains committed to proactively seeking alternative products that are not subject to the EAR. The Company will continue to evaluate and, where feasible, procure substitute software and commodities on commercially reasonable terms, taking into account their availability in the market.

The items that are not subject to EAR

During the Track Record Period, the Company also procured wafers from its foundry partners outside of the U.S. To the best knowledge of the Company, those foundry partners may utilize certain U.S. software, equipment or technologies during the manufacturing process. However, as advised by DLA Piper, based on the confirmations provided by the foundry partners and on the Company's internal compliance measures and analysis, the procured wafers are not subject to the EAR (i) under the De Minimis Rule as the "controlled" U. S.- origin content incorporated do not excess 25%, or (ii) under the applicable Foreign Direct Product Rule as the output, input and end-user/ end use requirement are not met.

U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury ("Treasury") Office of Investment Security published a final rule (the "Final Rule") establishing new regulatory controls on certain technology-related investments by U.S. persons in or related to the People's Republic of China, Hong Kong and Macau ("countries of concern").

Although the OIR is not general regarded as a conventional economic sanctions law, the restrictions on investment activities by U.S. persons have similar effects to certain sanctions measures.

The OIR, which became effective on January 2, 2025, implements Executive Order 14105 ("The Outbound Investment Order") Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern" (August 9, 2023).

The OIR applies to U.S. persons engaging in a "covered transaction" involving a "covered foreign person" that engages in certain "covered activities." Depending on the nature of the "covered activity," a covered transaction may be prohibited (prohibited transactions) or require notification to Treasury (notifiable transactions).

Covered activity encompasses activities referred to in the definition of "prohibited transactions" and "notifiable transactions" and includes research, development, or manufacturing involving "covered national security technologies and products," which are sensitive technologies and products in the semiconductors and microelectronics, quantum information technologies, and AI sectors that have military, intelligence, surveillance, or cyber-enabled capabilities.

Generally, activities and technology that are deemed to present the most acute national security concerns are prohibited, while other designated activities are subject to notification requirements.

The OIR also defines "excepted transactions" which are excluded from the scope of "covered transactions" and provides for a mechanism for the Secretary of Treasury to exempt certain covered transactions from the Rule on a case-by-case basis.

For the impact of the U.S. Outbound Investment Rule on the Company, please see "Business — The Impact of U.S. Outbound Investment Rule."

OVERVIEW

The history of the Company began in April 2005, when it was founded by Mr. Zhu Yiming, an executive Director and the chairman of the Board. In August 2016, the A Shares of the Company were listed on the Shanghai Stock Exchange under the stock code 603986.SH.

Over the years, the Group has evolved into an IC design house for a diverse range of chips, including Flash, niche DRAM, MCU, analog chips and sensor chips, as well as a complete set of systems and solutions, including corresponding algorithms and software. According to Frost & Sullivan, in terms of sales in 2024, the Group is the only IC design house that ranks top 10 globally in NOR Flash, SLC NAND Flash, niche DRAM and MCU.

MILESTONES

The following sets out the summary of the Company's key business development milestones:

Year	Milestone
2005	The Company was established and headquartered in Beijing.
2008	The first SPI NOR Flash in China was released by the Company.
2013	The first Arm® Cortex® M3 32-Bit MCU in China was released by the Company.
2015	The Company completed the AEC-Q100 certification for the first GD25 SPI NOR Flash.
2016	The A Shares of the Company were listed on the Shanghai Stock Exchange (stock code: 603986.SH).
2019	The Company completed the acquisition of 100% equity interest in Silead.
	The Company released the world's first RISC-V Core 32-bit MCU.
	The Company's GD25 SPI NOR Flash passed AEC-Q100 automotive-grade certification.
2021	The Company's 24nm SLC NAND Flash has been unveiled.
	The Company launched its first DRAM DDR 4.
2022	The Company's GD5F SPI NAND Flash has passed AEC-Q100 automotive-grade certification.
2023	The Company became the first company based in Chinese Mainland to launch the high-performance MCU based on the Arm® Cortex®-M7 architecture.

Year	Milestone
	The Company obtained ISO 26262 ASIL D process certification.
	The cumulative shipment volume of the Group's automotive-grade memory exceeded 100 million.
2024	The Company obtained the control of XySemi.
	GD32H7 STL Software Test Library of the Company obtained TÜV Rheinland IEC 61508 functional safety certification.
	GD25/55 automotive-grade SPI NOR Flash of the Company obtained ISO 26262 ASIL D certification.
2025	The Company established its overseas headquarter in Singapore.

MAJOR SUBSIDIARIES

The following sets out details of the Company's subsidiaries that are material to the Group's operations.

Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Equity interest attributable to the Company	Principal business activities
GigaDevice Semiconductor (HK) Limited (芯技佳易微電子(香港)科技有限公司, "**GigaDevice HK**") . .	Hong Kong	August 4, 2008	100%	Sales of chips
GigaDevice Hefei.	PRC	March 13, 2014	100%	Technology development and sales of chips
Silead	PRC	January 27, 2011	100%	Research, development and sales of chips
GigaDevice Shanghai	PRC	February 16, 2012	100%	Research, development and sales of chips
GigaDevice Semiconductor Singapore Pte. Ltd. ("**GigaDevice Singapore**")	Singapore	November 23, 2020	100%	Wholesale of electronic components
GigaDevice Xi'an	PRC	November 24, 2017	100%	Technology development and sales of chips
XC Memory.	PRC	July 11, 2024	100%	Technology development and sales of chips

Name of subsidiary	Place of establishment/ incorporation	Date of establishment/ incorporation	Equity interest attributable to the Company	Principal business activities
XySemi	PRC	February 27, 2009	38.07%[(1)]	Research, development and sales of chips
Shenzhen Outer Harbor Technology Development Co., Ltd. (深圳市外灘科技開發有限公司, "**Outer Harbor**")	PRC	July 22, 2013	100%	Investment holding
CreMemory Technology	PRC	July 31, 2024	77.78%	Technology development and sales of chips

Note:

(1) The Company is entitled to exercise 70% of the voting rights at the general meetings of XySemi pursuant to the Stony Creek Capital Undertaking and the XySemi Acting-in-Concert Agreement, and XySemi is therefore a non-wholly-owned subsidiary of the Company. See "— Acquisition, Merger and Disposal" below.

MAJOR SHAREHOLDING CHANGES OF THE COMPANY

Early Development and Conversion into a Joint Stock Company

On April 6, 2005, the Company was established under the laws of the PRC as a limited liability company with an initial registered capital of RMB2,000,000 and was held as to 60% by Mr. Zhu Yiming and 40% by Beijing Tus Venture Incubator Co., Ltd. (北京啟迪創業孵化器有限公司), formerly known as Beijing Tsinghua Science Park Incubator Co., Ltd. (北京清華科技園孵化器有限公司), an Independent Third Party. Between 2005 and 2012, the Company underwent several rounds of capital increases and equity transfers, upon completion of which its registered capital increased to RMB59,885,024.

On December 28, 2012, the Company was converted into a joint stock company. Upon completion of the conversion, the Company had a total share capital of RMB75,000,000 divided into 75,000,000 Shares, which were held as to 16.29% by Mr. Zhu Yiming, 14.11% by Insight Power Investments Limited (訊安投資有限公司), an Independent Third Party, 13.95% by InfoGrid Limited, 11.89% by Tus Zhonghai Venture Capital Limited (啟迪中海創業投資有限公司) and 43.76% by 16 other then Shareholders of the Company, each holding less than 10% of the Shares and being an Independent Third Party at the time of the conversion.

Listing on the Shanghai Stock Exchange

In August 2016, the A Shares of the Company were listed on the Shanghai Stock Exchange (stock code: 603986.SH) (the "**A-Share Listing**"). The Company offered a total of 25,000,000 A Shares under the A-Share Listing, representing 25% of the Company's enlarged share capital immediately following the completion of the A-Share Listing. Immediately upon the completion of the A-Share Listing, the share capital of the Company increased to RMB100,000,000.

Issuance and Private Placement of A Shares in 2019

As approved by the Shareholders in May 2018 and May 2019 and the CSRC in May 2019, the Company (i) issued certain A Shares (the "**2019 A Share Issuance**") as the share consideration for the Company's acquisition of the entire equity interest in Silead (the "**Silead Acquisition**"); and (ii) conducted a private placement of its A Shares (the "**2019 A Share Placement**") to raise funds for various development initiatives, including the payment of the cash consideration for the Silead Acquisition, implementation of advanced technology research and development projects and construction of a research and development center.

Pursuant to the 2019 A Share Issuance, a total of 22,688,014 A Shares were issued to 11 then shareholders of Silead, each of whom was an Independent Third Party, as the share consideration of RMB1,445 million for the Silead Acquisition. Pursuant to the 2019 A Share Placement, a total of 12,956,141 A Shares were issued in the placement to six investors, each of whom was an Independent Third Party. The 2019 A Share Placement raised net proceeds of approximately RMB935.9 million. Following the completion of the 2019 A Share Issuance and the 2019 A Share Placement, the Company's total issued share capital increased to RMB320,538,643.

Private Placement of A Shares in 2020

As approved by the Shareholders in October 2019 and March 2020 and the CSRC in April 2020, the Company conducted a private placement of its A Shares to raise funds for the research and development and industrialization project of the Group's DRAM and the supplementation of the Group's working capital (the "**2020 A Share Placement**"). Pursuant to the 2020 A Share Placement, a total of 21,219,077 A Shares were issued in the placement to five investors, each of whom was an Independent Third Party. The 2020 A Share Placement raised net proceeds of RMB4,282.4 million. Following the completion of the 2020 A Share Placement, the Company's total issued share capital increased to RMB470,780,652.

ACTING-IN-CONCERT UNDERTAKING

InfoGrid Limited was established by independent investors including current and former employees of the Group and other investors. In order to enhance the actual control of Mr. Zhu Yiming in the Company to maintain the ownership stability of the Company, in 2013, InfoGrid Limited issued the Acting-in-Concert Undertaking, as supplemented and confirmed in 2017 and 2019, respectively, pursuant to which InfoGrid Limited has undertaken, among others:

(i) to act in concert with Mr. Zhu Yiming when voting at general meetings of the Company;

(ii) to procure the Director(s) recommended by InfoGrid Limited (if any) to act in concert with Mr. Zhu Yiming when voting at the Board meetings of the Company;

(iii) not to seek actual control of the Company;

(iv) not to enter into acting-in-concert agreements or similar acting-in-concert undertakings with any Shareholders other than Mr. Zhu Yiming; and

(v) that the undertaking shall be irrevocable, and it will bear any actual losses incurred by the Company arising from any breach of the undertaking.

ACQUISITION, MERGER AND DISPOSAL

On November 5, 2024, the Company entered into an equity acquisition agreement (the "**Equity Acquisition Agreement**") with Hefei SCVC, Stony Creek Capital, Hefei Guozheng and all 23 then shareholders of XySemi (collectively, the "**Transferors**"), pursuant to which the Company, Hefei SCVC, Stony Creek Capital and Hefei Guozheng agreed to acquire 38.07%, 18.07%, 12.05% and 1.81% of the equity interest in XySemi from the Transferors at a consideration of RMB316,000,000, RMB150,000,000, RMB100,000,000 and RMB15,000,000, respectively (the "**XySemi Acquisition**"). The considerations were determined after arm's length negotiations among the parties with reference to the value of XySemi as of June 30, 2024 as appraised by an independent valuer. XySemi is mainly engaged in the research and development, design and sales of analogue chips, which mainly include lithium battery protection chips and power management chips and are applied in various general fields such as mobile batteries and smart wearables.

Stony Creek Capital has issued the Stony Creek Capital Undertaking, pursuant to which it has undertaken that from the closing date of the XySemi Acquisition and up to the date when Stony Creek Capital no longer holds the equity interest in XySemi, it voluntarily and irrevocably entrusts all of its shareholder's rights in XySemi to the Company, including the voting rights and nomination and proposal rights but other than the income rights and disposal rights.

On November 5, 2024, the Company entered into the XySemi Acting-in-Concert Agreement with Hefei SCVC and Hefei Guozheng, pursuant to which Hefei SCVC and Hefei Guozheng agreed that for five years from the closing date of the XySemi Acquisition, they will act in concert with the Company when making proposals to or voting at the general meetings of XySemi on matters in relation to XySemi. The term of the XySemi Acting-in-Concert Agreement shall be automatically extended for one year in each successive year until any party gives a notice of termination in writing no later than one month prior to the expiry of the XySemi Acting-in-Concert Agreement.

On December 12, 2024, Hefei SCVC noticed the parties to the XySemi Acquisition that, pursuant to the relevant arrangements agreed in the transaction agreements including, among others, the Equity Acquisition Agreement and the XySemi Acting-in-Concert Agreement, Hefei SCVC has appointed Hefei Guojing to assume all of the rights and obligations of Hefei SCVC under the relevant agreements.

Upon completion of the XySemi Acquisition on December 18, 2024, the Company is entitled to exercise 70% of the voting rights at the general meetings of XySemi pursuant to the Stony Creek Capital Undertaking and the XySemi Acting-in-Concert Agreement, and XySemi has become a non-wholly-owned subsidiary of the Company. As none of the applicable percentage ratios as defined under the Listing Rules in respect of the XySemi Acquisition exceeds 25%, the pre-acquisition financial information of XySemi is not required to be disclosed pursuant to Rule 4.05A of the Listing Rules.

The XySemi Acquisition has been properly and legally completed and settled, and all relevant approvals required from the relevant authorities have been obtained.

Throughout the Track Record Period and up to the Latest Practicable Date, the Company did not conduct any material acquisitions, mergers or disposals.

LISTING ON THE SHANGHAI STOCK EXCHANGE AND REASONS FOR THE H SHARE LISTING

Since August 2016, the A Shares of the Company have been listed on the Shanghai Stock Exchange. The Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, the Company has complied with all laws and regulations, in all material respects, applicable to its A-share Listing. To the best knowledge of the Directors, there are no material matters in relation to the compliance record of the Company on the Shanghai Stock Exchange that should be brought to the attention of the Stock Exchange or potential investors of the Global Offering. As advised by the PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, the Company has not been subject to any material administrative penalties or regulatory measures imposed by the CSRC, the Shanghai Stock Exchange or other PRC securities regulatory authorities. Based on the independent due diligence conducted by the Joint Sponsors and the PRC Legal Advisor's view above, no material matter has come to the Joint Sponsors' attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the Shanghai Stock Exchange.

The Company seeks to list its H Shares on the Stock Exchange to deepen its strategic layout of globalization, accelerate the development of its overseas business, promote its international brand image and further enhance its core competitiveness. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" in this prospectus for more details.

PUBLIC FLOAT AND FREE FLOAT

Pursuant to Rules 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules, as the Company has Shares apart from the H Shares for which the Listing is sought, the H Shares for which the Listing is sought that are held by the public, at the time of the Listing, must (a) represent at least 10% of the Company's total number of issued Shares (excluding treasury shares); or (b) have an expected market value of not less than HK$3 billion.

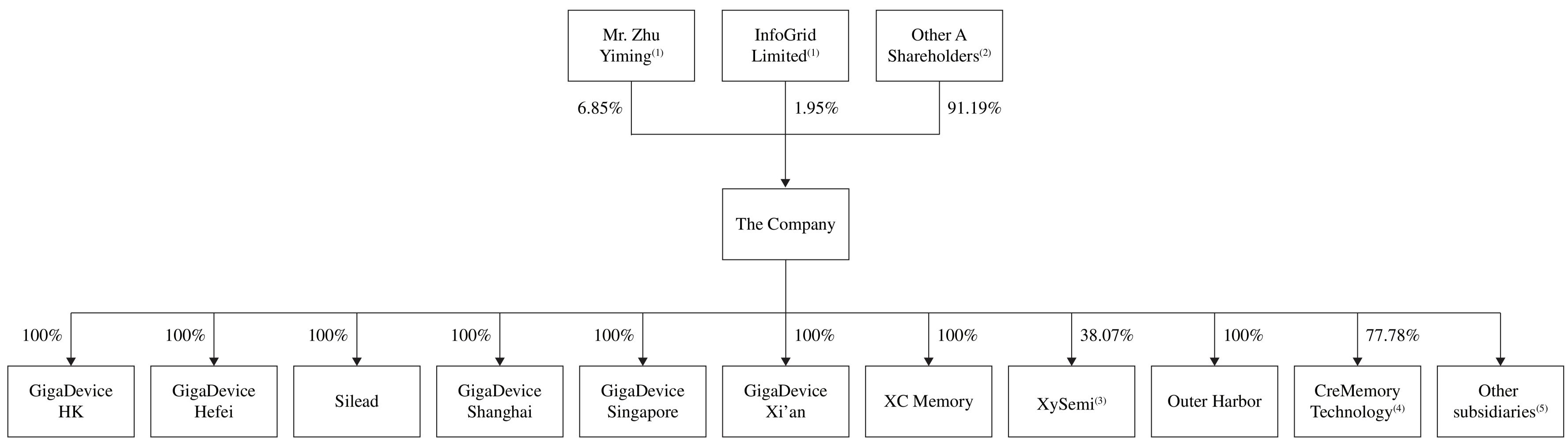
It is expected that upon Listing (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), based on an Offer Price of HK$132.00 per H Share, being the low end of the indicative Offer Price range, the market value of the H Shares that are held by the public is approximately HK$3,816.9 million, which is higher than the prescribed market value of the H Shares required to be held by the public of HK$3 billion under Rule 19A.13A(2) of the Listing Rules, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Based on an Offer Price of HK$132.00 per H Share, being the low end of the indicative Offer Price range, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the Global Offering

The following chart sets forth the shareholding and corporate structure of the Group immediately before the Global Offering:



Notes:

(1) As of the Latest Practicable Date, InfoGrid Limited was held as to 82.82% by Mr. Shu Qingming, an Independent Third Party. The remaining equity interest in InfoGrid Limited was held by 13 other shareholders, each an Independent Third Party, among which three are current or former employees of the Group, one is a shareholding platform controlled by 20 current and former employees of the Group who are Independent Third Parties, and nine are early investors of InfoGrid Limited. InfoGrid Limited has issued the Acting-in-Concert Undertaking, pursuant to which InfoGrid Limited has undertaken, among others, to act in concert with Mr. Zhu Yiming when voting at general meetings of the Company. See "— Acting-in-Concert Undertaking" in this section for details.

(2) As of the Latest Practicable Date, 603,020 A Shares were held by the Company as treasury shares, which did not carry any Shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights.

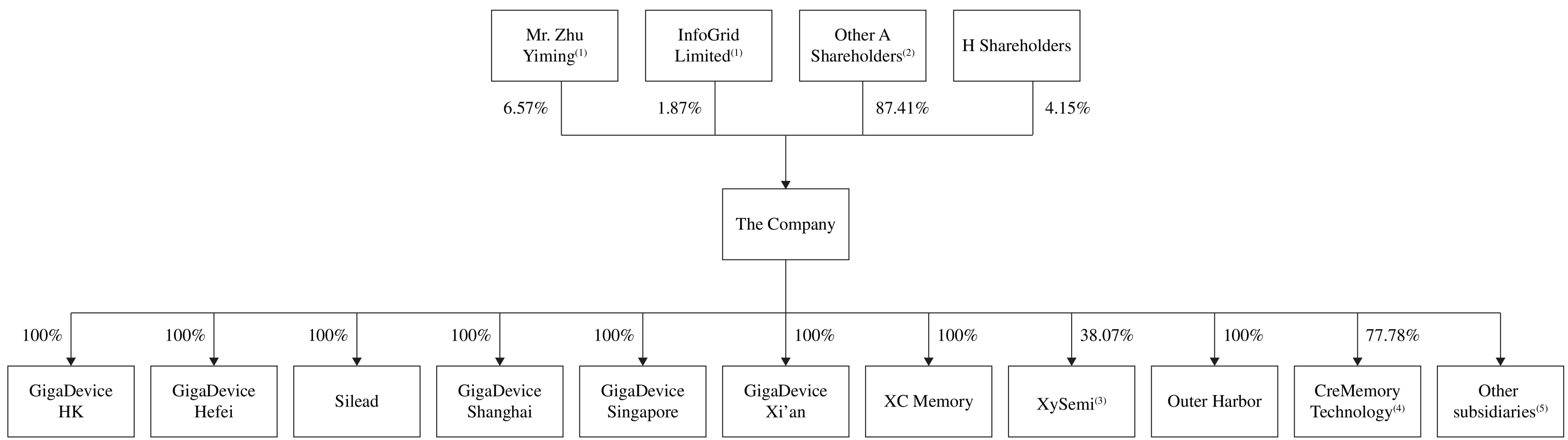
(3) As of the Latest Practicable Date, the remaining equity interest in XySemi was held as to 18.07% by Hefei Guojing, 14.32% by Jian Tan (譚健), 12.13% by Yanting Yang (楊燕婷), 12.05% by Stony Creek Capital, 1.81% by Hefei Guozheng, 0.63% by Jiang Jinmao (蔣錦茂), 0.53% by Miao Miao (繆苗), 0.43% by Zhang Yijian (張以見), 0.41% by Chen Fushun (陳福順), 0.35% by Li Fuping (李福平), 0.29% by Wang Haiyan (王海艷), 0.28% by Jia Peng (賈鵬), 0.24% by Liu Yunxia (劉雲霞), 0.17% by Suzhou Saichi Information Consulting Partnership (Limited Partnership) (蘇州賽馳信息諮詢合夥企業(有限合夥)), 0.14% by Xu Liuquan (許柳全) and 0.07% by Li Xiaodong (李曉東). To the best knowledge of the Company, each of the aforementioned shareholders of XySemi is an Independent Third Party. The Company is entitled to exercise 70% of the voting rights at the general meetings of XySemi pursuant to the Stony Creek Capital Undertaking and the XySemi Acting-in-Concert Agreement. See "— Acquisition, Merger and Disposal" above for details.

(4) As of the Latest Practicable Date, the remaining equity interest in CreMemory Technology was held as to 8.33% by Beijing CreMemory Zhifan Enterprise Management Partnership (Limited Partnership) (北京青耘智帆企業管理合夥企業(有限合夥), "**CreMemory Zhifan**"), 8.33% by Beijing CreMemory Zhiling Enterprise Management Partnership (Limited Partnership) (北京青耘智凌企業管理合夥企業(有限合夥), "**CreMemory Zhiling**") and 5.56% by Beijing CreMemory Zhikuo Enterprise Management Partnership (Limited Partnership) (北京青耘智闊企業管理合夥企業(有限合夥), "**CreMemory Zhikuo**"). Mr. Hu Hong is the general partner of each of CreMemory Zhifan, CreMemory Zhiling and CreMemory Zhikuo.

(5) Other subsidiaries include over 20 subsidiaries established in various jurisdictions as of the Latest Practicable Date.

Corporate Structure Immediately After the Global Offering

The following chart sets forth the shareholding and corporate structure of the Group immediately after the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans):



Notes:

(1) to (5) See "— Corporate Structure — Corporate Structure Immediately Before the Global Offering" in this section.

OVERVIEW

Who We Are

We are an IC design house for a diverse range of chips. We provide customers with a wide range of chips, including Flash, niche DRAM, MCU, analog chips and sensor chips that can be used in consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), PC and servers, IoT, network communications and other fields to meet various demands, as well as a complete set of systems and solutions, including corresponding algorithms and software. According to Frost & Sullivan, in terms of sales in 2024, we are the only IC design house that ranks top 10 globally in all markets of NOR Flash, SLC NAND Flash, niche DRAM and MCU. The sales of specialty memory chips and MCU contributed the substantial majority of our revenue in each year during the Track Record Period. We adopt a fabless business model, focusing on IC design and R&D to maintain our technological advantages, while partnering with quality foundries and OSAT partners to ensure manufacturing excellence and scalability and high-quality products.

With continuous innovation, effective supply chain management, a strict quality control system and timely customer response capabilities, we have formed a positive cycle of “innovation — product — customer”. Meanwhile, we continue to explore market demands with high-quality customers across the globe, complete product definition, and provide the optimal “Sense, Memory, Compute, Control and Connectivity” (感存算控連) synergistic ecological solutions with our diverse product portfolio.

Founded in 2005, we have been deeply involved in the specialty memory chip industry for 20 years and the MCU field for 14 years. We have become a leading specialty memory chip and MCU company in Chinese Mainland and have created specialty memory chip and MCU brands with global influence. We always focus on value creation for customers and have formed a high-quality customer base across the globe. According to Frost & Sullivan, in terms of sales in 2024:

- ***NOR Flash***. We ranked second globally and first in Chinese Mainland with a global market share of 18.5%.
- ***SLC NAND Flash***. We ranked sixth globally and first in Chinese Mainland with a global market share of 2.2%.
- ***Niche DRAM***. We ranked seventh globally and second in Chinese Mainland with a global market share of 1.7%.
- ***MCU***. We ranked eighth globally and first in Chinese Mainland with a global market share of 1.2%.
- ***Fingerprint sensor chip***. We ranked second in Chinese Mainland with a market share in Chinese Mainland of around 10%.

Company C and Company F, which ranked first in the global SLC NAND Flash market and niche DRAM market in terms of sales in 2024, respectively, achieved a market share of 35.2% and 30.8% in the respective market. See "Industry Overview - Analysis of the Competitive Landscape of the Company's Industries."

Our Business

Our diverse product portfolio forms the foundation of our "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions. Our proprietary chips and innovative solutions are widely applied in various smart devices, exhibiting vast future prospects.

Specialty Memory Chips: Diverse Product Portfolio Covering Nor Flash, NAND Flash and Niche DRAM with Industry Breakthroughs

Our specialty memory chips include three product lines: NOR Flash, NAND Flash and niche DRAM, forming a broad matrix of advanced products that can meet customers' demands for capacity, voltage and packaging for different applications. We have achieved wide coverage in consumer electronics, industrial applications (such as industrial automation, energy storage and battery management), communications, automotive electronics and other fields.

For Nor Flash, we focus on the mainstream SPI NOR Flash. In 2019, we launched the first ultra-high-speed 8-channel SPI NOR Flash product in Chinese Mainland. The data throughput rate was around five times compared to that of the then existing products, making it one of the highest-performance NOR Flash products in the industry at that time. In 2020, we were the first in Chinese Mainland to roll out high-performance SPI NOR Flash with a capacity of up to 2Gb. This made us the first Chinese Mainland-based company to achieve full product line coverage from 512Kb to 2Gb. In 2024, we launched the first low-power series SPI NOR Flash in Chinese Mainland, with 1.2V low voltage and ultra-low power mode, significantly improving the endurance of small-capacity battery devices. In 2025, we were one of the first movers to achieve large-scale mass production of 45nm node SPI NOR Flash with a significant improvement in storage density, and continued to maintain technological advantages and market position.

For NAND Flash, we focus on SLC NAND Flash, which features high efficiency, high reliability and low power consumption. They are mainly designed for industrial control, automotive electronics, communications equipment and other application scenarios that have strict requirements on duration, stability and reliability.

Our niche DRAM includes DDR3L/DDR4/LPDDR4, which feature low power consumption and small size. They are mainly used in various fields such as set-top boxes, TVs, network communications, smart home devices, smart wearables and infotainment systems. According to Frost & Sullivan, with our strong supply chain capabilities, the growth of our share in the global niche DRAM market is accelerating. The rise of edge-AI demand has put forward new requirements for customized memory solutions. We endeavor to provide customers with more customized memory solutions in terms of performance and energy consumption, ultimately reshaping the new form of edge storage. In July 2024, we established a subsidiary, CreMemory Technology, to keep abreast of customer needs and actively explore new technologies, new businesses, new markets and new products, including customized memory solutions.

MCU: Building a Comprehensive Portfolio of MCU with Wide Selection of over 700 Products

We focus on 32-bit MCU based on ARM® and RISC-V structures. We provide MCU featuring high performance, low power consumption and a high cost-to-performance ratio. Our MCU supports a wide range of applications, including industrial applications (such as industrial automation, energy storage and battery management), consumer electronics and handheld devices, automotive electronics (such as car navigation, T-BOX, instrument and infotainment systems) and computing. According to Frost & Sullivan, we are the world's first company to launch and mass-produce 32-bit general-purpose MCU based on the RISC-V structure and the first company based in Chinese Mainland to launch the high-performance MCU based on the Arm® Cortex®-M7 architecture.

We continue to build a comprehensive portfolio of MCU to offer customers with a wide selection. Based on the existing 63 series and more than 700 products, we endeavor to further improve R&D and engineering efficiency and continue to broaden our product lines. With years of technology accumulation, we aim to accelerate the development of core technologies and continue to deepen our presence in the industrial applications (such as industrial automation, energy storage and battery management), automobile and other fields. Relying on flexible customization and rapid customer response capabilities, we stepped into the global mid- and high-end markets.

Analog and Sensor Chips: Organic Growth Combined with Strategic Acquisition

We primarily offer analog chips for general power supplies (such as DC-DC and LDO), special power supplies (such as headphone charging box power supplies and sweeping robot power supplies), motor drive products, and temperature and humidity sensors. In 2024, we acquired XySemi, a leading company in the lithium battery protection sector, to create strategic synergies with our own analog chips business in terms of technology, products, marketing, sales and supply chain. Our sensor chip offering mainly includes fingerprint recognition chips and touch sensor chips. We aim to continue to promote product optimization and upgrading and further expand our product portfolio in PC, wearable, mobile health, IoT and other fields.

Based on our four key product offerings and industry insights, we have built a diversified product portfolio that forms the foundation of our "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions. This enables us to quickly respond to customers' needs, further enhance customer stickiness and improve our overall competitiveness and brand influence.

Our Market Opportunities

Edge AI is growing rapidly. According to Frost & Sullivan, 2025 marks the start of a major boom in edge computing power. Edge AI expands how AI can be applied by turning traditional devices into smart systems capable of making their own decisions. It is also accelerating the adoption of AI in key industries such as consumer electronics, industrial applications (for example, industrial automation, energy storage and battery management), automotive and humanoid robotics. This shift is creating new opportunities for companies across these sectors. As our products play an important role for enabling real-time, low-power and reliable AI interference at the edge, the rapid growth trend of AI is driving the demand for our products.

- ***Consumer electronics.*** The incorporation of AI features is the pivotal force driving the upgrade of consumer electronics. According to Frost & Sullivan, by 2029, global shipment volume of AI smartphones is expected to reach 774.0 million units with a penetration rate of 54.0%. Meanwhile, the global shipment volume of AI PC is expected to reach 215.3 million units, making AI PC the dominant force in the PC sector. Edge AI devices integrate local computational power, immediate response time, and privacy protection instead of relying on the cloud-based substantial computational power. Our NOR Flash is a key component supporting the rapid responsiveness of devices, particularly those with AI functionalities, due to its features of high-speed reading, power-off data retention and high reliability. Our customized memory solutions can meet customers' needs in terms of performance and power consumption. Our MCU can potentially be the hardware-level cornerstone of wearables such as AI glasses due to their high energy efficiency and high integration that leads to smaller sizes. As the penetration rate of AI in consumer terminals increases, our NOR Flash, customized memory solutions, MCU and other product lines are expected to experience significant growth.

- ***Industrial applications.*** AI reconstructs the production, management and service chains in industrial setups through the integration of intelligent algorithms, big data analytics and automation technologies, making industry more efficient, more flexible, more intelligent and greener. Our high-performance MCU supports real-time AI inference capabilities, utilizing deep convolutional neural network algorithms. They have been widely applied in scenarios such as large-scale industrial energy storage BMS and AI-based DC arc detection in the digital energy sector.

- ***Automotive.*** As automotive electronics technology evolves rapidly, automotive chips have emerged as crucial factors in achieving intelligent vehicle systems and superior performance efficiency. According to Frost & Sullivan, the penetration rate of EV and smart cars is expected to increase from 20.6% and 57.7% in 2024 to 39.7% and 92.4% in 2029, respectively. As the automotive industry embraces electrification and smart technologies, there has been a significant uptick in the demand for MCU, NOR Flash and niche DRAM, which in turn propels the market demand for our automotive-grade chips.

- ***Embodied AI.*** The market for embodied AI remains at a nascent stage but is expected to have strong growth potential. According to Frost & Sullivan, embodied AI is expected to become the third major growth driver for semiconductor end markets, following smartphones and automobiles. It relies heavily on memory chips with high reliability and low latency, while robotic joint control involves extensive and complex deployment of MCU. These trends are expected to create significant growth potential for specialty memory chips and MCU.

Looking ahead, as the penetration rate of various edge AI devices increases, industry players with diversified product portfolio and comprehensive service capabilities will claim the high ground in the competition. With our diversified product portfolio and "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions, we are able to rapidly respond to customers' evolving needs. This endows us with the vantage point in capturing the significant growth potential brought by the AI revolution.

OUR STRENGTHS

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

Our Diverse Range of Chip Design and Strong R&D capabilities

We are an IC design house for a diverse range of chips covering NOR Flash, SLC NAND Flash, niche DRAM, MCU, analog chips and sensor chips. Leveraging our diverse range of chip design and strong R&D capabilities, we are able to develop a comprehensive product portfolio, which strengthens our core competitiveness and enhance our brand influence in the market. Over the years, we have achieved remarkable accomplishments across various business areas. Our key achievements include the following:

- In 2008, we successfully developed the first 8Mb SPI NOR Flash chip in Chinese Mainland, filling a domestic technology gap and breaking monopolies by foreign and Taiwan-based companies in this field.

- In 2019, we launched and mass-produced the world's first 32-bit general-purpose MCU product based on a RISC-V architecture.

- In 2020, we were the first company based in Chinese Mainland to roll out high-performance SPI NOR Flash with a capacity of up to 2Gb, which became the preferred solution for code storage in IoT devices.

- In 2022, we were the first company based in Chinese Mainland to launch 1.2V low-voltage, ultra-low-power consumer-grade SPI NOR Flash, which significantly reduces operating power consumption and effectively extends device battery life. It meets the industry's evolving requirements for lower voltage and lower power consumption associated with advanced controller processes.

- In 2023, we were the first company based in Chinese Mainland to launch high-performance MCU based on the Arm® Cortex®-M7 architecture.

- In 2025, we were one of the first movers to achieve large-scale mass production of 45nm node SPI NOR Flash with a significant improvement in storage density, and continued to maintain technological advantages and market position.

According to Frost & Sullivan, in terms of sales in 2024, we ranked second globally and first in Chinese Mainland in terms of NOR Flash, sixth globally and first in Chinese Mainland in terms of SLC NAND Flash, seventh globally and second in Chinese Mainland in terms of niche DRAM, eighth globally and first in Chinese Mainland in terms of MCU, and second in Chinese Mainland in terms of fingerprint sensor chips.

We believe that R&D and technological innovation are critical to maintaining our competitive advantages and market position we achieved. We possess strong R&D capabilities and have devoted substantial resources to R&D efforts. From 2022 to 2024, our cumulative R&D investment amounted to approximately RMB3.4 billion, and our R&D spending has continued to grow steadily. As of June 30, 2025, we had 1,556 experienced technical employees, accounting for 73.2% of our total number of employees as of the same date. As of June 30, 2025, approximately 57.5% of our employees held a master's degree or above. This R&D talent pool provides a solid foundation for product iteration and the continuous upgrading of integrated product solutions. We held 1,016 registered patents in Chinese Mainland as of June 30, 2025, making us one of the largest patent portfolio among IC design houses in China's memory and MCU sectors, according to Frost & Sullivan.

A Stable and Thriving Global Partnership Ecosystem and an Increasingly Deepened Global Presence

As a fabless IC design house, we have built a stable and thriving system on the three pillars below:

- ***Large and Loyal High-Quality Customer Base.*** We adopt a market strategy that combines direct sales and distributorship to maximize sales efficiency. For direct sales, leveraging our technology and diversified product portfolio and comprehensive solutions, we have established deep cooperation with high-quality global customers, continuously enhancing our technological capabilities and industry insights, and building strong global brand recognition. For distributorship, we expand our customer base client through an extensive and high-quality distributor network. During the Track Record Period, we served over 10,000 clients in aggregate across the globe.

- ***Extensive and Deep Supply Chain Collaboration.*** We integrate the diverse product and application requirements of downstream customers and have formed mutually beneficial, trusted and collaborative relationships with 11 quality foundries and 26 OSAT providers. This has established our key competitive advantages in the industry chain: (i) beyond IC design, we dedicate resources to jointly develop optimized production processes with foundries tailored for our products, collaboratively establishing Design for Manufacturability (DFM) and Design for Reliability (DFR) rules suitable for our products, resulting in strong integration capabilities between process design and manufacturing; (ii) through sharing industry insights, technical exchanges and collaborative custom development, we contribute to upstream industry advancements in areas such as chip architecture upgrades, process technology evolution and innovation, securing preferential and comprehensive support from the supply chain; and (iii) we have strategically developed both domestic and overseas global supply chain systems to meet the demands of customers across the globe, ensuring supply chain resilience.

- ***Increasingly Deepened Global Presence.*** We are committed to expanding our business globally. We have established a global sales network comprising distributors and representatives in over 40 countries or regions. In addition to product sales, we have established dedicated service networks in the United States, South Korea, Japan, the United Kingdom, Germany and Singapore to ensure service responsiveness. We have also expanded our overseas supply chain partnerships to enable high-quality and efficient delivery. Furthermore, we have built an international team composed of sales and marketing personnel and engineers to provide localized services and support our sales and service network. This team is capable of gathering and responding to the latest market information, ensuring timely responses to customer needs.

Exceptional Supply Chain and Service Capabilities, Enabling Efficient and High-quality Delivery

We have established exceptional supply chain capabilities, along with a rigorous quality management system. Additionally, we have built a global service network to ensure timely support and enable large-scale, efficient and high-quality delivery.

- ***Reliable Product Quality.*** Flash and MCU are key components in electronic devices. Any failure could lead to severe consequences such as system startup failures. Hence, the reliability and quality of these chips are the primary criteria for customer evaluation and key to our business sustainability. We implement rigorous quality management processes covering our entire business to safeguard customer interests at every stage. We vigorously promote company-wide implementation of the AEC-Q004 Zero Defects Guiding Principles to ensure product quality and reliability. All relevant tests are conducted in accordance with JEDEC, AEC-Q100, and other industry standards.

- ***Comprehensive Quality Management and Certification System.*** We have been certified under ISO 9001. For automotive quality management, we comply with the IATF 16949 standard to meet stringent automotive application requirements and have obtained the ISO 26262:2018 certification for automotive functional safety at the highest ASIL D level.

Forward-looking Management Team and an Engineer Culture Surrounding Continuous Innovation

Our management team possesses extensive industry experience and a global perspective, working collaboratively to drive the company's strategic vision. Our founder, Chairman and Executive Director, Mr. Zhu Yiming, is a leader in the memory chip industry. Our vice Chairman, Executive Director and President, Mr. He Wei, is a seasoned expert in the IC industry, formerly serving at SMIC. Mr. He Wei joined us in 2009 and has served in various roles including deputy general manager, acting general manager and general manager. Our Executive Director and vice President, Mr. Hu Hong, a seasoned expert in memory chips, has held multiple positions including engineer, department manager, director and division head, leading the development of several product lines with deep expertise in IC design and testing. Our highly stable management team members average over 15 years of industry experience, combining diverse professional backgrounds with rich corporate management expertise. They possess profound insights into global industry trends and customer needs. The management team also includes seasoned professionals from leading global technology companies, playing a pivotal role in maintaining our innovative edge and technological proficiency.

We uphold a pragmatic spirit and embody the corporate values and engineer culture of "excellence, teamwork, open innovation, goal-driven, integrity and accountability." Prioritizing talent, we have established comprehensive systems for training, motivation and promotion, cultivating a capable and forward-looking management team. As of June 30, 2025, we had 1,556 experienced technical employees, accounting for 73.2% of our total number of employees as of the same date. Our strong cultural foundation and unwavering commitment to mission fulfillment continue to propel us forward with great momentum.

OUR STRATEGIES

We are committed to becoming an excellent world-class technology company. To achieve this goal, we will implement the following strategies.

Fully Embrace AI to Seize the Unprecedented Opportunities in Industry Development

According to Frost & Sullivan, AI development is driving the expansion of demand in the semiconductor industry. Both globally and within China, AI development has entered a new phase of accelerated penetration. As more AI-powered end products emerge and become widespread, AI is expected to serve as the core driver and powerful engine of the growth of the industry. We will adopt AI as a strategic driver, integrating it throughout our "Product — Ecosystem — Efficiency Enhancement" triad strategy, detailed as follows:

- ***AI Product Innovation.*** We aim to closely follow the evolving market demands driven by AI's penetration into intelligent devices. Through both organic growth and strategic expansion, we plan to proactively develop frontier technologies and products that are widely applied in edge AI, such as MCU, SoC, customized memory solutions and connectivity, thereby fully capitalizing on the unprecedented opportunities brought by AI development.

- ***AI Ecosystem Expansion.*** We aim to continuously enhance our AI-related ecosystem, a diverse portfolio of products and solutions applicable to AI scenarios, through internal incubation, investments, mergers and acquisitions, customized services and collaborative development. By working closely with upstream and downstream partners, we plan to jointly build a robust AI ecosystem, further strengthen customer loyalty and establish strong ecosystem barriers.

- ***AI-Driven Platform Efficiency.*** We aim to empower various internal departments with general AI technologies by developing AI middle platforms, which are comprehensive AI-empowered operation management systems, across R&D, supply chain, marketing and other functions. This comprehensive approach aims to enhance operational efficiency, enable advanced data analytics and intelligent decision-making, and support the company's medium- to long-term growth.

Diversification Strategy and Multi-track Growth Underpinning Stable and Sustainable Operations

We have consistently pursued a strategy of diversification and multi-track growth in both product portfolio planning and downstream application expansion. Our business is divided into three groups — mature, growth and incubating — with tailored development roadmaps and performance targets for each. By allocating resources flexibly and orchestrating staggered ramp-up and peak-growth phases across different businesses and application areas, we aim to mitigate the impact from industry cycle to support more resilient sustainable operations.

- ***Business Front: Multi-track and Diversified Product Portfolio Strategy***. Building on our strengths in the Flash sector, we have continuously rolled out new product lines in the MCU, niche DRAM, analog chips and sensor chips fields. In addition, we have accelerated the development of new businesses through initiatives such as strategic acquisition and internal incubation. Our diversified product portfolio is designed to reinforce our system-level technological foundation. Leveraging synergies between products and applications, we aim to achieve system-level integration and coordination. Centered on system control, we integrate surrounding components such as memory, sensing, power and signal chain to deliver comprehensive solutions built around product portfolios, driving holistic and sustainable growth.

- ***Application Front: Continuous Expansion into New Application Scenarios.*** We have steadily broadened the application scenarios of our chips from the consumer electronics sector to industrial and automotive sectors. Our downstream application scenarios now encompass industrial applications (such as industrial automation, energy storage and battery management), automotive, and consumer electronics (such as wearable devices, smartwatches, TWS earphones and home appliances), as well as networking and communications (including wireless routers, base stations and optical modules), PC and servers and the IoT. This has enabled us to achieve extensive coverage across a wide range of product applications.

Advancing Technological Innovation, Broadening Product Portfolio and Expanding into Emerging Fields

Building on our four core business lines, including specialty memory chip, MCU, analog chip and sensor chip, we aim to further our R&D efforts, expand our product portfolio and enrich our solutions. We remain committed to a market share-focused growth strategy, consolidating our positions in consumer electronics, networking communications, computing and smart home sectors, while further expanding and deepening our presence in industrial, automotive and embodied AI markets to drive higher market share across all business units.

- ***Consumer electronics.*** We aim to continue to innovate and iterate our products and further solidate our leading position in the consumer electronics market. Leveraging the industry trend of AI integration in consumer electronics, we aim to meet customer demands for AI smartphones, AI PC, AI earphones and other intelligent devices that require greater code capacity, higher computing power and enhanced data processing capabilities.

- ***Industrial applications.*** The domestic industrial market is currently dominated by global giants. We aim to deepen our presence by investing resources and technology to expand our product portfolio and enhance competitiveness, consistently launching products that meet customer requirements and align with the future trend of industrial intelligence.

- ***Automotive.*** In view of the high entry barriers and lengthy R&D cycles in the automotive industry, we aim to maintain our strategic commitment to this sector. In particular, we plan to accelerate product development and launches while refining automotive chip technologies and products. Meanwhile, we plan to expedite the adoption of our products by end customers.

- ***Embodied AI.*** Building on our extensive experience in the industrial field, we will focus on "high performance + high reliability" products. In particular, we aim to deliver integrated core control system solutions for humanoid robots.

Pursuing External Growth Through Strategic and Industry-related Partnerships, Investments and Acquisitions.

Alongside organic growth, we aim to continue to selectively pursue strategic partnerships, investments and acquisitions in both Chinese Mainland and overseas that can enhance our overall competitiveness and fuel our sustainable growth. With an open mindset and strategic vision, we plan to coordinate both organic and external growth strategies, comprehensively enhance our overall capabilities, and lay a solid foundation for sustainable development.

- ***Strategic incubation and collaboration.*** We plan to focus on strategic incubation and partnership opportunities in emerging technologies, new fields, innovative products and outstanding teams. Through resource integration and collaborative innovation, we aim to expand new business frontiers and enhance our innovation capabilities and market influence within the industry.

- ***Investment focus.*** We plan to focus on strategic areas such as AI, analog, high-speed interfaces, automotive-grade chips and MCU, with targeted investments in projects that demonstrate high growth potential and strong technical barriers. Through these investments, we aim to gain a competitive edge in key sectors, strengthen our technological reserves and enhance our industry competitiveness.

- ***Acquisition plan.*** We plan to seize the consolidation window in the semiconductor industry and closely monitor high-quality targets. Through strategic acquisitions, we aim to acquire technology, market presence and customer resources, driving leapfrog growth in our scale and market share, and achieving an organic integration of external expansion and internal development.

Accelerate Our Globalization to Build a World-Class Technology Brand.

Overseas markets offer us abundant growth opportunities. We aim to continue to advance our global footprint, align with the needs of customers worldwide, enhance our localized service capabilities and strengthen the integrated capabilities across supply chain, sales, R&D, supply and service.

- ***Accelerate the Establishment of the Overseas Headquarters***: We plan to expedite our globalization by developing our overseas headquarters in Singapore, expanding in the overseas sales, integrating global resources and enhancing our brand recognition worldwide. Our headquarters in Chinese Mainland and Singapore have different strategic focuses. The Chinese Mainland headquarters serves as the headquarters for the Group. The Singapore headquarters serves as the overseas headquarter, and is responsible for our international strategy, overseeing and expanding overseas sales in regions such as Southeast Asia, Japan, the Americas and Europe. This division of strategic focus allows us to address the unique needs and opportunities of both domestic and global markets more effectively in complex and changing market condition.

- ***Enhance Global Supply Chain Capabilities***: Leveraging our fabless model, we plan to continue to build and optimize our global supply chain and enhance supply chain resilience, so as to cover the manufacturing of our mainstream products both in Chinese Mainland and overseas.

- ***Improve Global Sales and Service Network***: We plan to further expand our sales and service networks in countries including the United States, South Korea, Japan, the United Kingdom, Germany and Singapore. Through deep collaboration between localized teams and channel partners, we aim to provide customers with rapid response and customized services.

Further Our Global Top Talent Strategy to Energize Organizational Vitality

We believe that talent is the key driver of innovation and the foundation for sustaining competitive edges. We place great emphasis on attracting and nurturing outstanding talent, actively implementing a strategy to rejuvenate our management ranks. This has enabled us to assemble an elite team of dynamic, self-challenging and continuously improving talents in the semiconductor field. We plan to further enrich our talent pool and invigorate our organization through global recruitment, strategic talent development and enhanced incentive mechanisms. In particular, we plan to further execute our successful talent strategies as follow:

- ***Global Recruitment.*** We plan to attract industry elites worldwide through open recruitment, cultivate new talent through campus hiring and build a multi-tiered talent pipeline utilizing flexible and diverse approaches.

- ***Talent Development.*** We plan to optimize strategic talent development programs and establish differentiated career training systems tailored to specific roles to empower key talents across all areas.

- ***Talent Incentives.*** We plan to enhance our performance evaluation, promotion and incentive systems to fully unleash our team's potential and creativities.

DEVELOPMENT OF OUR BUSINESS

Founded in 2005 with a focus on NOR Flash, we have since then established a leading position in this market through continuous technological innovation and proven product reliability. Building on our early success and guided by our market-oriented product strategy, we have expanded our product offerings to encompass a broader range of specialty memory chips including NAND Flash and niche DRAM, as well as MCU, analog chips and sensor chips, thereby establishing the "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions. This gives us the vantage position to support the next generation of intelligent applications, including various AI-driven technologies, and to seize the significant growth potentials.

We have adopted a fabless business model since our inception to concentrate our resources on chip design, platform development and market-oriented innovation, while partnering with quality foundries and OSAT partners to ensure manufacturing excellence and scalability and high-quality products.

OUR PRODUCTS

Our diversified product portfolio includes specialty memory chips, MCU, analog chips and sensor chips. Within each product category, we offer multiple series with different specifications to meet the specific performance and functional requirements of different application scenarios. While we primarily offer products for general-purpose use, we also provide customized solutions to address specialized customer needs. Moreover, leveraging our strong R&D capabilities and extensive IP portfolio, we also provide technical services and license select IPs to third parties, further extending our influence across the industry. This diversified product portfolio enables us to serve a wide spectrum of end markets, including consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), PC and servers, IoT, network communications and other fields.

The table below sets forth our revenue by product during the years indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)						*(Unaudited)*			
Specialty memory chips	4,825,856	59.3%	4,077,311	70.8%	5,194,173	70.6%	2,604,520	72.2%	2,844,934	68.5%
NOR Flash	3,539,704	43.5%	2,995,404	52.0%	3,754,233	51.0%	1,833,014	50.8%	2,034,156	48.9%
DRAM(1)	998,790	12.3%	809,973	14.1%	1,073,145	14.6%	559,532	15.5%	637,197	15.4%
NAND Flash	287,362	3.5%	271,934	4.7%	366,795	5.0%	211,974	5.9%	173,581	4.2%
MCU	2,825,357	34.8%	1,312,209	22.8%	1,690,547	23.0%	802,115	22.2%	959,106	23.1%
Sensor chips	434,974	5.4%	352,449	6.1%	448,300	6.1%	192,173	5.3%	193,193	4.7%
Analog chips	3,851	0.0%	4,604	0.1%	15,468	0.2%	3,098	0.1%	152,276	3.7%
Others(2)	39,954	0.5%	14,250	0.2%	7,490	0.1%	7,131	0.2%	800	0.0%
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

Notes:

(1) Including the revenue from sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

(2) Including technical services and license fees for our IPs. Some customers may engage us to custom-develop or design products for them, and purchase these custom-developed or designed products and the corresponding technical support from us, and, on this basis, pay us a customization and technical service fees. And from time to time, we may license our proprietary IPs to certain customers and charge royalty fees accordingly.

The table below sets forth the sales volume and average selling prices of our products during the years indicated.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]	Sales volume	Average Selling Price[1]
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*
							(Unaudited)			
Specialty memory chips	2,259,645	2.14	2,655,166	1.54	3,553,167	1.46	1,782,319	1.46	2,147,891	1.32
NOR Flash	2,180,800	1.62	2,532,962	1.18	3,335,830	1.13	1,660,268	1.10	2,034,441	1.00
DRAM[2]	44,987	22.20	66,527	12.18	133,453	8.04	69,429	8.06	73,210	8.70
NAND Flash	33,858	8.49	55,677	4.88	83,884	4.37	52,622	4.03	40,240	4.31
MCU	343,535	8.22	276,089	4.75	409,251	4.13	190,535	4.21	242,546	3.95
Sensor chips	157,130	2.77	178,811	1.97	267,983	1.67	107,633	1.79	119,979	1.61
Analog chips	2,796	1.38	11,625	0.40	131,183	0.12	34,784	0.09	958,420	0.16

Notes:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same year, which represented the average price at which our products were sold to our customers.

(2) Including the sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

Specialty Memory Chips

Our specialty memory chips include Flash and niche DRAM.

Flash

Flash is a major type of non-volatile memory technology, which can retain data over a long term. Our Flash memory chips primarily include NOR Flash and SLC NAND Flash. Our Flash memory chips are designed for general-purpose use, which can be customized upon special requirements from our customers.

NOR Flash

NOR Flash allows random access to data, enabling fast and reliable code execution directly from the memory, making it widely used in embedded systems that require frequent and fast access to executable code. We focus on the mainstream SPI NOR Flash due to its advantages in relatively lower cost, compact size, easier integration for space- and power-sensitive applications, and growing adoption in applications such as embedded systems and small-size wearables, as compared to parallel NOR Flash. NOR Flash is widely used in products such as TWS earphones, robot vacuums, mobile phones, electric meters, 5G base stations and millimeter-wave radar. For example, it is used in voice modules of robot vacuums to store firmware and voice data, enabling rapid voice responses to user commands. To the best of our knowledge, the end-uses of our NOR Flash chips are primarily in applications such as automotive systems, wearables, industrial control units, and IoT devices.

In response to different market application needs, we provide diversified series of industrial-grade and automotive-grade SPI NOR Flash, featuring high-performance, low-power, high-reliability and small-package options including USON6 package standards with size of only 1.2mm x 1.2mm, and have achieved wide product line coverage of SPI NOR Flash across sectors including consumer electronics, industrial applications (such as industrial automation, energy storage and battery management), communications and automotive electronics. Our current SPI NOR Flash offerings can work under a wide range of power supply, operating environments and end applications. In particular, our GD25/55 series SPI NOR Flash is certified to meet the AEC-Q100 automotive standards and the ISO 26262:2018 ASIL D standard for functional safety and reliability. According to Frost & Sullivan, we were the first company based in Chinese Mainland to introduce a high-performance SPI NOR Flash product series with capacities reaching up to 2Gb and a comprehensive product portfolio of SPI NOR Flash ranging from 512Kb to 2Gb. The table below sets forth the main features of our SPI NOR Flash.

Voltage	**3V**	**1.8V**	**1.65V – 3.6V**	**1.2V**	**1.8V VCC, 1.2V VIO**
Capacity	512Kb~2Gb	512Kb~2Gb	512Kb~256Mb	8Mb~256Mb	64Mb~512Mb
Speed	104MHz~200MHz	50MHz~200MHz	50MHz~104MHz	120MHz	133MHz~200MHz
Operating temperature range	-40ºC~125ºC	-40ºC~125ºC	-40ºC~125ºC	-40ºC~125ºC	-40ºC~125ºC

NAND Flash

NAND Flash offers large storage capacity, fast erase/write speeds and long lifespan, making it suitable for a wide range of large-capacity storage applications. Strategically, we focus on SLC NAND Flash, featuring smaller capacities but higher reliability and endurance as compared with MLC and TLC NAND Flash. Our SLC NAND Flash is an ideal solution for embedded applications with large-capacity and highly reliable code storage requirements. Our automotive-grade NAND Flash products, when paired with our automotive-grade NOR Flash, are widely adopted in intelligent cockpits, autonomous driving systems, intelligent connectivity and powertrains of electric vehicles. In particular, our GD5F series of automotive-grade SPI NAND Flash is certified to meet the AEC-Q100 automotive standard for functional reliability. The table below sets forth the main features of our NAND Flash.

Interface type	**SPI**		**Parallel**	
Voltage	**3V**	**1.8V**	**3V**	**1.8V**
Capacity	1Gb~4Gb	1Gb~4Gb	1Gb~8Gb	1Gb~8Gb
Speed	Frequency: 104MHz~166MHz	Frequency: 80MHz~133MHz	tRC/tWC: 12ns~20ns	tRC/tWC: 20ns~25ns
Operating temperature range	-40ºC~105ºC	-40ºC~105ºC	-40ºC~105ºC	-40ºC~105ºC

SLC NAND Flash is widely used in products such as network communication devices, robot vacuums and wearable devices. For example, it is used to store frequently updated and long-term data, such as the precise cleaning maps generated by LiDAR scans in robot vacuums. To the best of our knowledge, the end-uses of our NAND FLash chips are primarily in applications such as industrial-edge memory, automotive dash-cams and consumer electronics.

DRAM

DRAM, which includes mainstream DRAM and niche DRAM, is the major type of volatile memory, which is a key component of system memory. We focus on niche DRAM, which is designed for applications with specific requirements for performance, reliability or operating environments, as opposed to mass-produced mainstream DRAM. Our niche DRAM offering includes DDR3L, DDR4 and LPDDR4, with various capacity options. These products feature low power consumption and compact size, and are primarily used in set-top boxes, televisions, network communications, smart homes, wearable devices and infotainment systems. The table below sets forth the main features of our niche DRAM.

	DDR3L	**DDR4**	**LPDDR4**
Capacity	1Gb/2Gb/4Gb/8Gb	4Gb/8Gb	16Gb/32Gb
Speed	1866/2133Mbps	2666/3200Mbps	3200/3733/4266Mbps
Operating temperature range	-40°C~95°C	-40°C~95°C	-25°C~85°C
Major applications	• network communication • security surveillance • set-top boxes • smart homes • industrial applications (such as industrial automation, energy storage and battery management) • infotainment	• television • security surveillance • network communication • smart homes • industrial applications (such as industrial automation, energy storage and battery management) • tablets • infotainment	• television • tablets • smart homes • smart wearables • mobile modules • IoT • 8K IPTV

Niche DRAM is widely used in products such as smart glasses, robot vacuums and IPTV set-top boxes. For example, in robot vacuums, it serves as volatile memory responsible for real-time data processing and complex computations, such as temporarily storing and analyzing data from multiple sensors like infrared and ultrasonic modules. To the best of our knowledge, the end-uses of our niche DRAM chips are primarily in applications such as consumer electronics, automotive, industrial, communications and medical devices.

MCU

MCU is a compact IC that combines a scaled-down version of a CPU with memory, timers and other functional circuits on a single chip. As a control unit, it enables control solutions for, among others, motors, lights and displays, sensors and user interfaces, which can be used in various application scenarios including industrial applications (for example, industrial automation, energy storage and battery management), medical equipment, consumer electronics, handheld devices, humanoid robots, automotive electronics and computing applications. Specifically, the MCU can be used in products such as smartwatches, robot vacuums, instruments and meters, optical modules and T-BOX units. For example, in robot vacuums, the MCU can serve as the moving control unit, coordinating the operation of various components to move and avoid obstacles. We focus on 32-bit MCU based on licensed ARM® and open-source RISC-V architectures, offering a balance of high performance, low power consumption and cost-effectiveness. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we paid license fees for ARM® Cortex®-M architectures of RMB39.0 million, RMB28.7 million, RMB45.2 million, RMB14.6 million and RMB32.6 million, respectively. We launched our general-purpose MCU, GD32, in 2013 based on ARM® Cortex®-M3, making us the first in Chinese Mainland to offer MCU based on ARM® Cortex®- M architecture. In 2023, we launched the high-performance MCU based on ARM® Cortex®- M7 architecture, which is able to be used in entry-level AI applications, making us the first company based in Chinese Mainland to offer MCU based on such architecture. We also offer wireless MCU suitable for market applications requiring efficient wireless communication. We continue to build a comprehensive portfolio of MCU to offer customers with a wide selection. We have launched 63 series with more than 700 products of MCU based on ARM® Cortex®- M architectures, as well as RISC-V architecture. Our MCU are fully compatible with a wide range of high-, mid- and low-end embedded control applications and upgrade needs. With years of market validation, our GD32 MCU have become a reliable and widely adopted option for system design and project development. The table below sets forth our MCU portfolio layout in different application scenarios.

	ARM® Cortex® – M MCU					
	Cortex® – M23	Cortex® – M3	Cortex® – M4	Cortex® – M33	Cortex® – M7	RISC-V MCU
High-performance[(i)]		√	√	√	√	
Mainstream		√	√	√		√
Entry level	√	√	√			
Low power consumption[(ii)]	√					
Wireless				√		√
Automotive-grade			√	√	√	
Specialized	√		√	√		

Notes:

(i) Our high-performance MCU typically has maximum speed of over 200MHz.

(ii) Our low power consumption MCU generally refer to products that significantly reduce dynamic operating power consumption (typically less than 150 μW/MHz) or static standby power consumption (typically less than 30 μW/MHz).

Analog Chips

Analog chips are primarily responsible for power conversion as well as signal acquisition and conditioning. Our analog chips portfolio currently consists of five key product lines: power management, motor drivers, battery management, signal chain and ASIC. These products are widely deployed in a range of applications, including earbud charging cases, motor control systems, lithium-ion battery charge/discharge management, wireless communication equipment and power measurement and monitoring. Paired with our GD32 MCU, our analog chips have been integrated in multiple solution platforms such as AI arc detection solutions and robotic vacuum cleaners, thereby creating synergy in both established and emerging vertical markets. Our analog products have gained strong recognition from leading manufacturers for their high performance and reliability.

- *Power management*. Power management chips are designed to manage the power requirements of electronic systems. We provide general-purpose power management chips, mainly including DC-DC converters and linear regulators, which provide reliable power supply solutions for a wide range of applications, including wireless infrastructure, communications, industrial equipment, security systems, smart wearables and the IoT.

- *Motor driver*. Motor driver chips are designed to control and drive motors by managing power delivery and directional control. We provide general-purpose motor driver chips that are applicable to drive DC motors, stepper motors, solenoid motors, electromagnetic valves and TECs (thermoelectric coolers), covering industrial control, smart devices and consumer electronics application scenarios.

- *Battery management*. Battery management chips are designed to monitor, protect, and optimize the performance of battery-powered systems. We mainly provide general purpose battery charging chips, lithium-ion battery protection chips and lithium-ion battery management chips.

- *Signal chain*. Signal chain chips are designed to process and condition signals in a variety of electronic systems. We provide general-purpose ADC, operational amplifiers, comparators, voltage reference ICs, current-sensing operational amplifiers, and temperature and humidity detectors, which are applicable in various fields such as power measurement, control, multi-phase motor control, battery energy storage and battery formation.

- *ASIC*: Alongside the general-purpose analog chips, we also provide ASICs, mainly including DDR5 memory ASICs and TWS earbuds charging ASICs.

Sensor Chips

Sensors are components that collect various signals from the physical world and output them to backend systems for further processing. We currently develop and offer chip-level sensors, which integrate functional elements and circuits into a single chip, mainly including touch control sensors and fingerprint recognition sensors.

- *Touch control sensors*. We provide touch control sensors to enable common human-machine interaction for smartphones, tablets and smart home devices. Our touch control sensors offer wide coverage for screen sizes ranging from 1 inch to 20 inches.

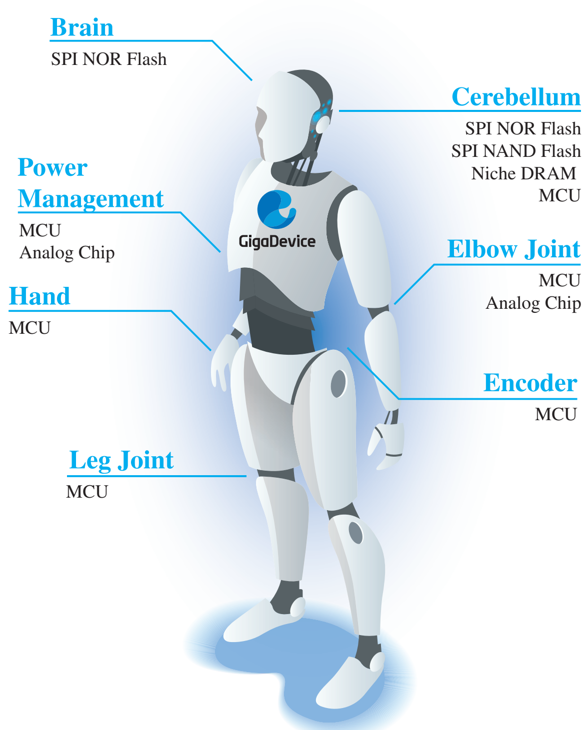
- *Fingerprint recognition sensors*. We provide both capacitive and optical fingerprint sensors, which enable us to provide mainstream fingerprint recognition solutions for both traditional physical button fingerprint recognition and in-display fingerprint recognition across numerous flagship, high-end and mid-range smartphones.

Leveraging our diversified product portfolio and comprehensive ecosystem under the "Sense, Memory, Compute, Control and Connectivity" synergistic ecological solutions, we are capable of providing comprehensive solutions in industries such as humanoid robots, EV and smart wearables.

Illustrative Solution — Humanoid Robots

Humanoid robots, as highly complex electromechanical systems, require ICs and sensors that deliver breakthroughs in areas such as real-time control, energy efficiency, integration level, communication capabilities and reliability. For instance, high-performance real-time computing must support parallel control of multiple joint motors, sensor fusion, stringent energy efficiency requirements, high integration and compact packaging, high-speed real-time communication and industrial-grade reliability.

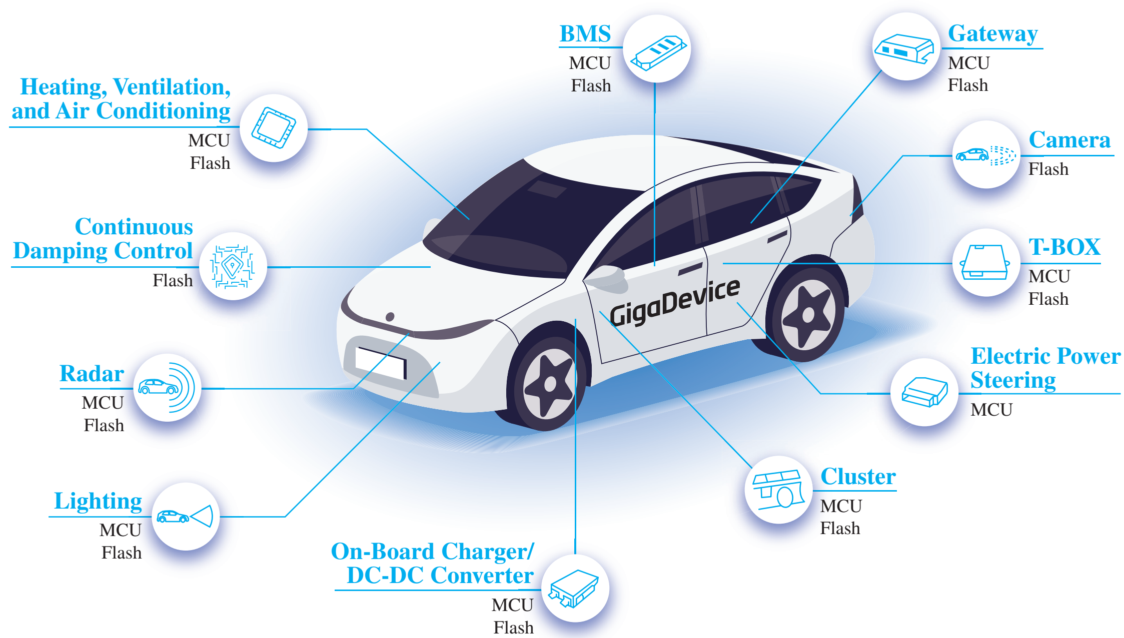
To meet these stringent requirements, we leverage our proven technical expertise, with focus on high-performance and high reliability, to build the diversified product portfolio including GD32 MCU, Flash, niche DRAM, analog chips and sensor chips to deliver a comprehensive solutions in core control systems for humanoid robots.



Illustrative Solution — Automobiles

Automobiles impose high demands on MCU. High real-time performance, high safety standards and high reliability have consistently been the stringent criteria for automotive-grade MCU. In today's landscape where automotive electronics and electrical systems are advancing towards a domain-centric architecture, the volume of data and code that MCU must process is escalating exponentially. Consequently, addressing computational power limitations has emerged as a pivotal challenge. Confronted with intricate challenges and a swiftly evolving market, we have developed a strategic product portfolio, capitalizing on our profound experience in industrial MCU. This strategic move ensures extensive compatibility and comprehensive coverage of the majority of automotive ECU application nodes. Moreover, we have proactively tackled customer application pain points and conducted in-depth analyses of the transformative trend of software-defined vehicles.

Flash also plays a critical role in automobiles by enabling reliable data storage and real-time processing. Our automotive-grade Flash has been widely used in smart cockpits, assisted driving, smart networking and key electrical systems for electric vehicles. As of the Latest Practicable Date, the cumulative shipment volume of our automotive-grade Flash exceeded 300 million units, making us one of the largest suppliers of automotive-grade Flash in Chinese Mainland.



Seasonality

Demand for and sales of our products follow the same seasonality pattern as sales of the end products that feature our products. As a result, we typically experience higher sales in the second and third quarters of the year due to the stock preparation of customers in response to the new product launch cycles and increased shopping activities during the holiday seasons. See "Risk Factors — Risks Relating to Our Business and Industry — Our sales may be influenced by seasonality."

Product Pricing

As an IC design house, the prices of our products are closely tied to the inherent cyclical nature of the semiconductor industry. See "Financial Information — Significant Factors Affecting Our Results of Operations — Industry Cycle." In addition to the cycle-driven supply and demand dynamics, we determine the price of our products based on the costs of developing and manufacturing such products. We also consider various other factors when pricing our products, such as our relationship with the customer, complexity of the product both in terms of design and manufacturing, size of the order, our expected profit margin and competition.

RESEARCH AND DEVELOPMENT

R&D are critical to maintaining our market position and to the sustained growth of our business by ensuring that we can continue to meet the evolving downstream needs of our products. We have adopted the IPD framework that integrates our product business lines into a unified R&D process, guided by the key principles of market-driven development, quality-first, cross-department collaboration and continuous improvement. We are devoted to in-house R&D of core IPs for our products, while also sourcing mature licensed IPs externally to supplement our techniques and improve the overall performance of our products.

Our Research and Development Process

We have adopted a market-oriented R&D process based on IPD framework. Most of our products are for general purpose, while we also provide customized products and services to meet the specialized demands of customers. As such, we follow a typical R&D process detailed below:

- *Concept phase*. Our product management department is responsible for conducting market and customer research and compiling relevant information to identify the market opportunities and define the products. An internal preliminary review meeting will be held to evaluate the value of potential opportunities and products and decide whether to proceed.

- *Planning phase*. If the project passes the approval review, our project management department will coordinate with product engineering department, R&D design department and other departments to formulate a detailed project plan, defining the detailed product specifications, assigning personnel and other critical details.

- *Development phase*. The project team will execute the development tasks according to the project objectives and pre-established plans.

- *Verification phase.* The product engineering department and product testing department will conduct a comprehensive evaluation of the product's electrical and quality characteristics to confirm whether all specifications are met. The product engineering department will conduct reliability testing on at least three batches of products to ensure that the product reliability meets customer requirements and the process stability supports mass production.

- *Product launch.* Certain key customers may be selected to participate in pilot runs for product testing, often offered discounted prices as encouragement. Debugging and issue resolution are conducted based on feedback. After the product is recognized and accepted by those customers, it will be fully launched for mass production depending on the market condition, with the sales team actively promoting and supporting it.

- *Lifecycle management.* Our product management department will be responsible for the lifecycle management of launched products, to continue improving, supporting and managing the products. Typically, we will address customer feedback and perform quality improvement, manage product iterations and updates, optimize cost through value engineering and plan product retirement.

Past Research and Development Achievements

Our R&D efforts have yielded significant results which enable us to establish our brand recognition and competitive position. Some of our R&D results are protected by patents while the rest are part of our proprietary trade secrets. As of June 30, 2025, we had been granted a total of 1,016 patents in Chinese Mainland, including 794 invention patents, 220 utility models and 2 designs, as well as 558 pending patent applications in Chinese Mainland. See "Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property." As of the same date, we were granted a total of 62 patents in the United States, Germany, the United Kingdom, France, South Korea and Taiwan, China.

In particular, we have achieved many technological breakthroughs. In 2019, we launched and mass-produced the world's first 32-bit general-purpose MCU product based on a RISC-V architecture. In 2020, we were the first in Chinese Mainland to roll out high-performance SPI NOR Flash with a capacity of up to 2Gb, which became the preferred solution for code storage in IoT devices. In 2022, we were the first company based in Chinese Mainland to launch 1.2V low-voltage, ultra-low-power consumer-grade SPI NOR Flash, which meets the industry's evolving requirements for lower voltage and lower power consumption associated with advanced controller processes. In 2023, we were the first company based in Chinese Mainland to launch high-performance MCU based on the Arm® Cortex®-M7 architecture, which is able to be used in entry-level AI applications. See "— Our Strengths — Our Diverse Range of Chip Design and Strong R&D capabilities."

Future R&D roadmap

According to Frost & Sullivan, AI is becoming a strategic driver of transformation across the semiconductor industry. More specifically, edge AI is transforming traditional devices into intelligent terminals capable of autonomous decision-making, creating rising demands for more powerful, energy-efficient semiconductor components — particularly storage, MCU, analog, and human-machine interface solutions like touch and fingerprint sensors. Against this backdrop, we plan to continue focusing our R&D resources on products and solutions that are compatible for AI applications, and to provide more high-performance and low energy consumption products to satisfy the increasing needs of edge AI.

R&D team and expenses

As of June 30, 2025, we had 1,556 experienced technical employees, accounting for 73.2% of our total number of employees as of the same date. Among the technical employees, as of the same date, we had a R&D team consisting of 1,493 employees, accounting for 70.2% of our total number of employees. They are distinguished by their high academic credentials, professional expertise and extensive experience in project development. As of June 30, 2025, approximately 57.5% of our employees held a master's degree or above. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our R&D expenses amounted to RMB935.6 million, RMB990.0 million, RMB1,122.4 million, RMB588.3 million and RMB567.7 million, respectively, representing 11.5%, 17.2%, 15.3%, 16.3% and 13.7% of our total revenue in the respective years/periods.

SALES AND MARKETING

We have established a global sales network comprising distributors and representatives in over 40 countries or regions, supported by dedicated local service networks in the United States, South Korea, Japan, the United Kingdom, Germany and Singapore. In addition, we have an international dedicated team consisting of sales and marketing personnel and engineers to provide localized services and support our sales and service network. This team is adept at capturing and responding to real-time market intelligence, ensuring timely and effective responses to customer needs.

We sell our products mainly through distributors, while we also make direct sales to certain customers at their requests. We believe that consistently delivering high-quality products on time that meet and exceed our users' expectations is the most efficient sales and marketing approach for us. As such, our sales and marketing activities are focused on maintaining and expanding the scope of our strategic relationships with our direct and indirect customers. Under our IPD framework, our sales teams are actively involved in our product R&D process to ensure that we can deliver satisfactory products to our direct and indirect customers.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Distributor sales	7,265,341	89.4%	5,214,706	90.5%	6,553,179	89.1%	3,167,689	87.8%	3,751,679	90.4%
Direct sales	864,651	10.6%	546,117	9.5%	802,799	10.9%	441,348	12.2%	398,630	9.6%
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

Distributor Sales

Typically, our sales team will directly approach potential buyers to understand their needs. When we secure a potential buyer, we will typically engage a local distributor to sell our products to such a buyer in consideration of the following benefits, unless otherwise requested by the buyer. We strategically collaborate with those distributors who possess extensive sales channels to expand our market reach as those distributors can also source customers through their sales networks and effectively serve the needs of customers in various regions, and improve our cash flow as we typically require distributors to make prepayments for products. Engaging distributors can reduce the burden on our internal sales team by outsourcing part of the customer acquisition and relationship management. Moreover, by managing inventory and handling deliveries, distributors streamline our logistics and reduce operational pressure, enabling faster and more efficient order fulfillment. According to Frost & Sullivan, the use of distribution model is in line with the industry norm. Our distributors can leverage their channels to provide after-sales service to customers, while we offer technical supports to end users as needed.

We have a seller-buyer relationship with our distributors whereby the ownership of the products is transferred to our distributors upon their purchase of the products. Our sales to distributors are recurring in nature. Revenue is recognised when control over the products is transferred to the distributors upon delivery of these products to and acceptance of these products by the distributors or the recipients designated by the distributors. Our distributors are typically companies engaged in the sales and distribution of chips and electronic components.

Distributor Management

We strictly select 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. We do not allow distributors to engage sub-distributors as prescribed in distributor management policies issued by us.

To the best knowledge of our Directors, during the Track Record Period, all our distributors were independent third parties, and none of our distributors were controlled by any of our former or present employees during the Track Record Period.

We do not set sales target or minimum purchase amount for our distributors. We regularly assess the performance of our distributors and leverage the assessment as a basis to determine whether to renew our agreement with a certain distributor. More specifically, we consider various factors when renewing agreements with distributors, including their historical sales of our products, payment records, compliance with the distribution agreement, compliance status, after-sales capabilities and sales and marketing capabilities.

Although it is the distributors' responsibility to manage their own inventories, we do not set minimum purchase amounts for our distributors and encourage them to place orders according to their actual and projected demands on a rolling basis. To better understand and assess market demand, we typically require distributors to submit six-month sales forecasts and place orders in line with those projections. In the event of significant fluctuations in sales or material deviations from their forecasts, we may reach out to end customers to verify actual demand and adjust distributor orders accordingly. We maintain close communication with our distributors and reserve the right to request their inventory records as needed. Moreover, once the products are delivered and accepted by our distributors, they cannot be returned or exchanged other than in the case of quality issues. Based on the above, and to the best of our knowledge, our Directors do not believe there was any material channel stuffing risk during the Track Record Period. To the best knowledge of our Directors and based on the inventory information provided by the distributors which was not verified or audited by us, our Directors believe that there was no material amount of unsold inventories of our products held by distributors for each of the Track Record Period.

Typically, our distributors are only allowed to non-exclusively sell our products in distribution areas specified in the agreement. We generally reserve the right to terminate the distribution agreement in the event that the distributors breach such requirements on distribution areas upon 30-day written notice in advance. In terms of pricing, we typically provide suggested retail prices of relevant products to distributors.

We enter into distribution agreements with our distributors. The terms of the agreements vary depending on the result of our negotiation with each distributor, but these agreements largely follow our standard template for distribution agreements. The table below sets forth the key terms of our distribution agreements:

Duration	:	Generally three years, which will be renewed automatically for additional one year if we are satisfied with the assessment results of the distributor.
Payment and credit terms	:	We typically require our distributors to make prepayments for the products. We may provide certain distributors with credit terms ranging from seven days to 120 days according to our customer credit management policy, depending on their operating situations, financial condition and expected transaction volume.

Delivery of products	:	We are responsible for delivering products to the locations specified in the orders to the distributors or designated receivers.
Transfer of risks	:	Risks are transferred to the distributors once products have been delivered by us to the agreed-upon location or receiver.
Product returns/exchanges	:	We typically do not accept product returns or exchanges other than in the case of quality issues. We may accept the returns when our products are the subject of infringement or misuse claims. According to Frost & Sullivan, such return policy is in line with the industry norm.
Sales of products	:	Our distributors are only allowed to sell our products in designated areas.
Pricing	:	The selling price of our products will be separately agreed in the order placed by the distributors.
Termination	:	Either party to the agreement has the right to unilaterally terminate the agreement without cause by providing a 90-day notice in advance. If either party fails to perform or comply with any of its obligations under the agreement within 30 days after receipt of written notice from the other party, or enters into bankruptcy, liquidation, receivership, or any other situation indicating insolvency or inability to fulfill its obligations, the other party may terminate the agreement immediately. Termination of the agreement shall not affect either party's obligation to pay any amounts due to the other party under this Agreement, and all such amounts shall remain payable when due.

The table below sets forth the total number of our distributors and their movement during the Track Record Period.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Number of distributors at the beginning of the year/period	168	192	190	218
Number of new distributors	28	20	43	54
Number of terminated distributors	4	22	15	18
Number of distributors at the end of the year/period	192	190	218	254

During the Track Record Period, the number of our distributors increased from 192 as of December 31, 2022 to 254 as of June 30, 2025, 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. In 2022, 2023 and 2024 and the six months ended June 30, 2025, we terminated business relationships with 4, 22, 15 and 18 distributors, respectively, primarily due to the development of our business and unsatisfied performance of certain distributors. As of the Latest Practicable Date, we had 268 distributors, including 132 distributors in Chinese Mainland, 60 distributors in Hong Kong, and 12 distributors in Taiwan, China.

Direct Sales

At the request of certain customers, we may sell the products directly to them.

We generally enter into framework agreements with our major customers, with actual price and volume specified in individual purchase orders. The terms of these agreements 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 year, unless 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 typically require our customers to make prepayments for the products. We may provide certain customers with credit terms ranging from 60 days to 120 days according to our customer credit management policy, depending on their operating situations, financial condition and expected transaction volume.
Minimum purchase requirements	:	Our framework agreements with our customers usually do not contain minimum purchase requirements.
Delivery of products	:	We are generally responsible for delivering products to the locations and at the times as specified in the orders placed by our customers.
Product returns/exchanges	:	Our customers will inspect the products upon delivery and are generally entitled to return or exchange products that do not meet their requirements in terms of quality or specifications.
Confidentiality	:	These framework agreements usually have strict confidentiality provisions that restrict us from disclosing confidential information of our major customers.
Termination	:	These framework agreements can be terminated with mutual agreement of parties, or terminated unilaterally under certain circumstances such as unrectified material breach of the contract, force majeure or bankruptcy of a party.

Our Customers

Our customers are distributors and direct sales customers which mainly include manufacturers and sellers of electronic components. To our best knowledge, our products are mainly integrated by consumer electronics manufacturers and automobile components manufacturers. To our best knowledge, our products are mainly used by end customers in applications such as the consumer electronics, automobiles, industrial applications (such as industrial automation, energy storage and battery management), PC and servers, IoT and network communications, and our end customers located in areas mainly including PRC, South Korea and Japan.

Top Five Customers

Sales to our five largest customers of each year/period of the Track Record Period amounted to RMB2,380.6 million, RMB1,766.5 million, RMB2,444.6 million and RMB1,218.5 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 29.3%, 30.6%, 33.3% and 29.4% of our total sales in the respective years/period. Sales to our largest customer of each year/period of the Track Record Period amounted to RMB575.7 million, RMB410.5 million, RMB558.3 million and RMB321.9 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 7.1%, 7.1%, 7.6% and 7.8% of our total sales in the respective years/period. During the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest customers of any year/period of the Track Record Period that are required to be disclosed under the Listing Rules.

The following tables set forth certain information relating to our top five customers of each year/period of the Track Record Period.

For the year ended December 31, 2022

Customer	**Transaction amount**	**Percentage of sales**	**Type of customers**	**Major products purchased from us**	**Credit term**	**Year of Commencement of Business Relationship**
	(in RMB thousands)	*(%)*				
Customer A[(1)] . .	575,703	7.1%	Distributors	Specialty memory chips and MCU	Prepayment or 15 to 45 days	2012
Customer B[(2)] . .	514,159	6.3%	Distributors	Specialty memory chips	Prepayment	2020
Customer C[(3)] . .	454,837	5.6%	Distributors	Specialty memory chips and MCU	Prepayment	2021
Customer D[(4)] . .	448,602	5.5%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2014
Customer E[(5)] . .	387,251	4.8%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2020

For the year ended December 31, 2023

Customer	Transaction amount	Percentage of sales	Types of customers	Major products purchased from us	Credit term	Year of Commencement of Business Relationship
	(in RMB thousands)	*(%)*				
Customer B . . .	410,543	7.1%	Distributors	Specialty memory chips	Prepayment	2020
Customer D . . .	383,368	6.7%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2014
Customer A . . .	342,445	5.9%	Distributors	Specialty memory chips and MCU	Prepayment or 15 to 45 days	2012
Customer F(6) . .	330,190	5.7%	Distributors	Specialty memory chips, MCU and analog chips	Prepayment or 30 to 60 days	2019
Customer E . . .	299,924	5.2%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2020

For the year ended December 31, 2024

Customer	Transaction amount	Percentage of sales	Types of customers	Major products purchased from us	Credit term	Year of Commencement of Business Relationship
	(in RMB thousands)	*(%)*				
Customer A . . .	558,302	7.6%	Distributors	Specialty memory chips and MCU	Prepayment or 15 to 45 days	2012
Customer D . . .	542,122	7.4%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2014

Customer	Transaction amount	Percentage of sales	Types of customers	Major products purchased from us	Credit term	Year of Commencement of Business Relationship
	(in RMB thousands)	*(%)*				
Customer C . . .	519,890	7.1%	Distributors	Specialty memory chips and MCU	Prepayment	2021
Customer F . . .	445,848	6.1%	Distributors	Specialty memory chips, MCU and analog chips	Prepayment or 30 to 60 days	2019
Customer G(7) . .	378,394	5.1%	Distributors	Specialty memory chips, MCU and analog chips	Prepayment or 30 to 60 days	2021

For the six months ended June 30, 2025

Customer	Transaction amount	Percentage of sales	Types of customers	Major products purchased from us	Credit term	Year of Commencement of Business Relationship
	(in RMB thousands)	*(%)*				
Customer C . . .	321,900	7.8%	Distributors	Specialty memory chips and MCU	Prepayment	2021
Customer D . . .	304,848	7.3%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2014
Customer F . . .	226,533	5.5%	Distributors	Specialty memory chips, MCU and analog chips	Prepayment or 30 to 60 days	2019
Customer A . . .	222,430	5.4%	Distributors	Specialty memory chips and MCU	Prepayment or 15 to 45 days	2012
Customer E . . .	142,767	3.4%	Distributors	Specialty memory chips, MCU, analog chips and sensor chips	Prepayment	2020

Notes:

(1) Customer A is a leading Japanese company established in 1995, headquartered in Tokyo, Japan, and listed on the Tokyo Stock Exchange. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was approximately RMB315.6 million. It is a specialist trading company dealing mainly in the sales of electronic components.

(2) Customer B is a leading electronics company established in 2017, located in Hong Kong, with a registered capital of USD1.0 million as of the Latest Practicable Date. It specializes in the development, production and distribution of high-quality electronic components, catering to a diverse range of industries including telecommunications, consumer electronics and industrial automation.

(3) Customer C is a company established in 2000 and located in Hefei, China, with a registered capital of RMB1,000 million as of the Latest Practicable Date. It engages in sales and distribution of electronic components among others.

(4) Customer D is a leading electronics distributor established in 1999, located in Nanjing, China, and listed on the Shenzhen Stock Exchange. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was approximately RMB606.4 million. Its business covers multiple sectors including new energy, automotive electronics, communication systems, industrial control AI and consumer electronics.

(5) Customer E is a leading semiconductor company established in 2019 and located in Shenzhen, China, with a registered capital of RMB10 million as of the Latest Practicable Date. It specializes in the technical development of electronic products and sales of electronic components and electronic products.

(6) Customer F is a leading company primarily engages in the distribution and of various semiconductor electronic components, and the provision of technical services. It was established in 1977, headquartered in Taiwan, China, and listed on the Taiwan Stock Exchange. As of June 30, 2025, the market capitalization of its shares was approximately RMB3.8 billion.

(7) Customer G is a leading Chinese distributor of electronic components, established in 2001 and located in Hong Kong, with a registered capital of HK$400 million as of the Latest Practicable Date.

Third-party Payment Arrangement

Background

During the Track Record Period, some of our customers (individually or collectively, the "**Third-party Payment Customer(s)**") settled payments with us through accounts belonging to parties other than the contractual counterparties under the corresponding agreements (the "**Third-party Payment Arrangement**").

In 2022, 2023 and 2024 and the six months ended June 30, 2025, a total number of 9, 10, 5 and 3 Third-party Payment Customers utilized the Third-Party Payment Arrangements to settle payments with us, respectively. During the same periods, the revenue from designated third parties to us were RMB160.1 million, RMB97.8 million, RMB39.5 million and RMB1.7 million, respectively, representing approximately 1.9%, 1.6%, 0.5% and 0.0% of the total payments received from all customers in the corresponding years/period. During the Track Record Period, no individual Third-party Payment Customer made material contribution to our revenue.

During the Track Record Period, to the best knowledge of our Directors, the third-party payors designated by the Third-party Payment Customers primarily consisted of third-party supply chain service providers.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, (i) we did not proactively initiate any Third-party Payment Arrangement or participate in other forms in any of such arrangement; (ii) we did not provide any discount, commission, rebate or other benefit to any of the Third-party Payment Customers to facilitate or incentivize the Third-party Payment Arrangement; and (iii) the pricing and payment terms of the agreements we entered into with the Third-party Payment Customers were in line with the agreements with customers not involved in the Third-party Payment Arrangement.

Reasons for Utilizing the Third-party Payment Arrangement

As confirmed by Frost & Sullivan, it is not uncommon for distributors to settle their corporate transactions through third-party payors in the semiconductor industry. The Third-party Payment Customers' use of the Third-party Payment Arrangement was primarily for the following reasons:

- Some customers prefer to have arrangements with third-party supply chain service providers for delivery and transshipment of products procured from us. For convenience, some of those customers also settle their transactions with us through accounts of their third-party supply chain service providers; and

- Typically, we require customers to make prepayments for products. However, those third-party supply chain service providers may provide the customers with credit terms for the payments settled with us through their accounts, depending on the terms and conditions between them. As such, some customers prefer to settle their transactions with us through accounts of their their-party supply chain service providers for commercial consideration.

Termination and Implications of the Third-party Payment Arrangement

As of the Latest Practicable Date, we have ceased, or rectified though entering into Tri-party Arrangement Agreement, all Third-party Payment Arrangements.

As advised by our PRC Legal Advisor, (i) the Company does not violate any mandatory provisions of applicable laws or regulations in China due to the Third-party Payment Arrangement; and (ii) considering that (a) as of the Latest Practicable Date, the confirmations have been obtained from over 78% of the Third-party Payment Customers and their designated payors participating in the Third-Party Payment Arrangement during the Track Record Period confirming that they would not require the Company to return the funds and such funds do not need to be refunded under such arrangement, and (b) during the Track Record Period and up to the Latest Practicable Date, we had not been requested to refund funds, and to the best of our knowledge, there was no actual or pending dispute or disagreement involving any

Third-Party Payment Arrangement; as to the parties who have provided the confirmations mentioned above, the risk that we are found obligated to return the funds according to applicable PRC laws and regulations is remote.

As confirmed by the Company, (i) the Third-party Payment Arrangement was initiated by the Third-party Payment Customers and was not an arrangement by the Company to circumvent applicable tax laws and regulations or other applicable laws and regulations in China. All the customer payments previously received under the Third-party Payment Arrangement were duly booked according to the accounting procedures and policies, (ii) we had not been identified for violating any applicable tax laws as a result of the Third-party Payment Arrangement during the Track Record Period, (iii) we only accept payments from the third-party payors by remittance from licensed banks, thereby ensuring the funding has satisfied the anti-money laundering requirements implemented by the licensed banks, and (iv) we had not been subject to any disputes or administrative penalties by the relevant government authorities with respect to the Third-party Payment Arrangement during the Track Record Period and up to the Latest Practicable Date.

Internal Control Measures

We are subject to various risks in relation to the Third-party Payment Arrangement. For details, see "Risk Factors — Risks Relating to Our Business and Industry — We are subject to various risks relating to third-party payment arrangement." We have adopted internal control measures to mitigate related risks and prevent future occurrences of the Third-party Payment Arrangement, including but not limited to the following:

(i) we required our customers to settle their payments directly through their own corporate bank accounts, and in particular, we issued a notice to the Third-party Payment Customers informing them that payments made by third parties including entities and individuals would not be accepted;

(ii) for customers who were unable to directly settle payments with us immediately at the relevant times, we required that such customers (a) communicate relevant information to us, including, among others, the identity of the third-party payors involved; and (b) enter into a tri-party arrangement agreement (the "**Tri-party Arrangement Agreement(s)**") with us and the third-party payors based on our house form. In the Tri-party Arrangement Agreement(s), it is specified that the relevant customer delegates its payment obligation under the terms of the original agreement with us to the respective third-party payor who has undertaken to pay directly to us under the same terms, or that the third-party payor is jointly liable with the Third-party Payment Customer for the relevant payments. By executing the Tri-party Arrangement Agreement, the third-party payor becomes a contracting party who is contractually obligated to settle the payment with us. As of the Latest Practicable Date, there were 28 effective Tri-party Arrangement Agreements entered into between the Company, the Third-party Payment Customers and the payors;

(iii) After the third-party payor makes the payment to our account pursuant to the requirements of Tri-party Arrangement Agreement and purchase order, the finance department of us will match the payment with the corresponding customer account based on the transaction information; and

(iv) Third-party payments that have not been approved or reported must be reasonably explained by the sales manager and all subsequent transactions must be immediately suspended.

Internal control measures have been established to preserve the integrity of our Company's financial and accounting information and prevent fraud and money laundering activities.

(i) A compilation of financial management system and an information system account, password and authority management system have been established to govern the financial reporting process and the integrity of financial information. Such policies are approved by management and circulated to relevant staff for execution; and

(ii) Code of conduct has been established which has set out the rules or policies that all staff should adhere to.

We conduct regular review on the effectiveness of the aforesaid internal control measures and promptly address any abnormalities and malfunctions. Our legal and financial department is responsible for providing detailed review results and reporting the results to the management periodically. Our Directors are of the view that the foregoing internal control measures are effective and adequate in preventing Third-party Payment Arrangements and associated risks, and our Directors will oversee the effectiveness of the aforementioned internal controls on Third-party Payment Arrangements in the future.

INTRA-GROUP TRANSACTIONS

In our ordinary course of business, we conduct certain intra-group transactions among our entities in different or same jurisdictions. The table below sets forth the amount of our key intra-group transactions and arrangements for the years/period indicated.

	Year ended December 31,			Six Months Ended June 30,	
Transaction type	**2022**	**2023**	**2024**	**2024**	**2025**
			(RMB'000)		
				(unaudited)	
Sales of products	6,075,444	3,489,345	5,829,693	2,887,025	2,816,472
R&D services	405,041	352,724	480,891	235,112	236,852

During the Track Record Period, certain of our domestic entities sold the finished chips to our overseas entities in Hong Kong and Singapore, and certain of our domestic entities provided R&D services to other domestic entities.

We have engaged an independent transfer pricing consultant to conduct a review of our key intra-group transactions in 2022, 2023 and 2024, with a focus on material and recurring transactions. The consultant reviewed information provided by us, including financial figures and activities performed by relevant group entities, and performed benchmark studies. The consultant assessed the reasonableness of the relevant transfer pricing transactions and arrangements by applying appropriate transfer pricing methods primarily using the transactional net margin method. The objective was to evaluate whether the relevant pricing of intra-group transactions was in line with the arm's length principle and whether there would give rise to material tax exposure.

Based on the previous assessment conducted by our independent transfer pricing consultant, our Directors believe that, during the Track Record Period, our relevant intra-group transactions were in line with the arm's length principle, and our transfer pricing risks resulting from our intra-group transactions were relatively low.

The independent transfer pricing consultant reviewed the following key transfer pricing transactions and arrangements, and the results of the analyses are summarized as below.

Sales of Products

Certain domestic entities, including the Company, GigaDevice Hefei, GigaDevice Shanghai and Silead, sold finished chips to our overseas entities in Hong Kong and Singapore.

The independent transfer pricing consultant has reviewed these transactions and based on such assessment, our Directors believe that the gross profit margins for such sales were within the interquartile range based on comparable benchmarks. Accordingly, the pricing of these transactions is considered consistent with the arm's length principle.

R&D Services

Certain domestic entities, including GigaDevice Xi'an and Suzhou Freethink, provided R&D services to certain of our domestic entities.

The independent transfer pricing consultant has reviewed these transactions and based on such assessment, our Directors believe that (i) the gross profit margins for transactions of GigaDevice Xi'an were within the interquartile range based on comparable benchmarks, and (ii) the gross profit margins for transactions of Suzhou Freethink were higher than the interquartile range based on comparable benchmarks, while the consultant considered that Suzhou Freethink had received no less than arm's length compensation under their R&D service arrangements with related parties.

PRODUCTION, PROCUREMENT, INVENTORY AND LOGISTICS

Our Fabless Model

We do not directly manufacture our products. Instead, we have adopted the fabless model, whereby we cooperate with quality production partners for all phases of the manufacturing process. This allows us to concentrate our resources on chip design, platform development and market-oriented innovation, while partnering with leading foundries and OSAT partners to ensure manufacturing excellence and scalability and high-quality products. In addition, the fabless model allows us to avoid many of the significant costs and risks associated with owning and operating various fabrication and packaging and testing facilities. As of the Latest Practicable Date, we worked closely with 11 quality foundry partners for IC fabrication, and 26 OSAT partners for IC packaging and testing. After consultation with Frost & Sullivan, we are of the view that it is an industry norm for a fabless IC design house to rely on a limited number of foundry and OSAT partners to ensure consistency in product quality.

Beyond IC design, we dedicate resources to jointly develop optimized production processes with foundries tailored for our products and collaboratively establish Design for Manufacturability (DFM) and Design for Reliability (DFR) rules suitable for our products, resulting in strong integration capabilities between process design and manufacturing. Through sharing industry insights, technical exchanges and collaborative custom development, we contribute to upstream industry advancements in areas such as chip architecture upgrades and process technology evolution and innovation, securing preferential and comprehensive support from the supply chain.

Our foundry partners are responsible for procurement of raw materials used in the production of our ICs. Once our foundry partners complete the fabrication of the wafers, the foundry partners or we are responsible for shipping them to our OSAT partners for cutting, packaging and testing, depending on the agreements. See "— Logistics" for further details.

Our Directors do not believe that there would be material adverse change on our business relationships with our foundry partners and OSAT partners in the near future, in consideration of (i) the stable business relationship with our major foundry partners and OSAT partners, (ii) that during the Track Record Period and up to the Latest Practicable Date, there was no material suspension or disruption of business relationship with our major foundry partners and OSAT partners, (iii) that during the Track Record Period and up to the Latest Practicable Date, there was no material disputes between us and our foundry partners and OSAT partners, and (iv) that we generally enter into framework agreements with our foundry partners and OSAT partners. We have established stable business relationships with well-known domestic and overseas foundry and OSAT partners during the Track Record Period. Based on our extensive industry network, strong market position, and the availability of suitable alternative suppliers in the market according to the Frost & Sullivan, our Directors believe that, should the need arises, we could find suitable alternative suppliers under commercially reasonable and mutually acceptable terms. However, there is no assurance that we can always keep good business relationships with our foundry partners or OSAT partners. If our business relationships with our foundry and OSAT partners deteriorate, we may not be able to obtain the required capacity and would have to seek alternative foundries, which may not be available on commercially reasonable terms, or at all. See "Risk Factors — We rely on third parties for IC fabrication, testing and packaging."

Arrangements with Our Production Partners

Selection of Production Partners

We carefully select our production partners, and we evaluate them based on a range of factors, including overall track record, technological expertise, product quality and quality control effectiveness, price, reliability, ability to meet our delivery timeline, locations, logistics and production capacity. We cooperate with quality foundry partners and OSAT partners, which we believe safeguards the quality of the IC.

IC Fabrication

We provide our foundry partners with production plans covering the next one to three years and update such plans on a monthly basis, in order for them to allocate their production resources. The actual terms and conditions of the purchases, including the pricing, volume and specification of the chips, are specified in individual purchase orders.

Packaging and Testing

We typically settle with our OSAT partners on a monthly basis.

Our Suppliers

Our suppliers are mainly our foundry partners for IC fabrication and OSAT partners for IC testing and packaging.

We generally enter into framework agreements with our major foundries and OSAT 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 the result of our negotiation with each customer, but these agreements generally contain the following terms:

Duration	:	Generally three to five years for foundries, and three years for packaging and testing agreements, unless 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.
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 one month by our foundry partners, and a credit term of one to two months by our OSAT partners.
Quality assurance	:	The foundries and OSAT partners 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.

Top Five Suppliers

Purchases from our five largest suppliers of each year/period of the Track Record Period amounted to RMB4,090.6 million, RMB3,081.9 million, RMB3,696.9 million and RMB2,007.8 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 73.4%, 71.0%, 70.2% and 68.9% of our total purchases in the respective years/period. Purchases from our largest supplier of each year/period of the Track Record Period amounted to RMB1,369.8 million, RMB1,320.9 million, RMB1,356.2 million and RMB765.8 million in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, accounting for 24.6%, 30.4%, 25.8% and 26.3% of our total purchases in the respective years/period. Except for Suppliers C and F as disclosed below, during the Track Record Period, to the best knowledge of our Directors, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital) had any interest in our five largest suppliers of any year/period of the Track Record Period that is required to be disclosed under the Listing Rules.

The tables below set forth certain information about our top five suppliers of each year/period of the Track Record Period.

For the year ended December 31, 2022

Supplier	Operating Location	Transaction amount	Percentage of purchases	Major products/ services provided to us	Credit term	Year of Commencement of Business Relationship
		(in RMB thousands)	*(%)*			
Supplier A[(1)]	Chinese Mainland	1,369,763	24.6%	Wafers	30 to 60 days	2005
Supplier B[(2)]	Chinese Mainland	1,308,606	23.5%	Wafers	30 to 60 days	2019
Supplier C[(3)]	Chinese Mainland	887,432	15.9%	Wafers	30 to 60 days	2019
Supplier D[(4)]	Chinese Mainland	323,613	5.8%	Packaging and testing	60 days	2010
Supplier E[(5)]	Taiwan, China	201,175	3.6%	Wafers	30 to 60 days	2015

For the year ended December 31, 2023

Supplier	Operating Location	Transaction amount	Percentage of purchases	Major products/ services provided to us	Credit term	Year of Commencement of Business Relationship
		(in RMB thousands)	*(%)*			
Supplier A	Chinese Mainland	1,320,853	30.4%	Wafers	30 to 60 days	2005
Supplier C	Chinese Mainland	767,402	17.7%	Wafers	30 to 60 days	2019
Supplier B	Chinese Mainland	573,517	13.2%	Wafers	30 to 60 days	2019
Supplier D	Chinese Mainland	252,010	5.8%	Packaging and testing	60 days	2010
Supplier E	Taiwan, China	168,136	3.9%	Wafers	30 to 60 days	2015

For the year ended December 31, 2024

Supplier	Operating Location	Transaction amount	Percentage of purchases	Major products/ services provided to us	Credit term	Year of Commencement of Business Relationship
		(in RMB thousands)	*(%)*			
Supplier A	Chinese Mainland	1,356,249	25.8%	Wafers	30 to 60 days	2005
Supplier C	Chinese Mainland	1,018,035	19.3%	Wafers	30 to 60 days	2019
Supplier B	Chinese Mainland	708,482	13.5%	Wafers	30 to 60 days	2019
Supplier D	Chinese Mainland	455,201	8.6%	Packaging and testing	60 days	2010
Supplier E	Taiwan, China	158,897	3.0%	Wafers	30 to 60 days	2015

For the six months ended June 30, 2025

Supplier	Operating Location	Transaction amount	Percentage of purchases	Major products/ services provided to us	Credit term	Year of Commencement of Business Relationship
		(in RMB thousands)	*(%)*			
Supplier A	Chinese Mainland	765,779	26.3%	Wafers	30 to 60 days	2005
Supplier B	Chinese Mainland	500,922	17.2%	Wafers	30 to 60 days	2019
Supplier C	Chinese Mainland	433,482	14.9%	Wafers	30 to 60 days	2019
Supplier D	Chinese Mainland	213,239	7.3%	Packaging and testing	60 days	2010
Supplier F(6)	Chinese Mainland	94,388	3.2%	Wafers	30 to 60 days	2019

Notes:

(1) Supplier A is an IC manufacturing company established in 2000, headquartered in Shanghai, China, and listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was approximately RMB411.4 billion. It specializes in the manufacturing and sales of wafers, providing advanced process technologies and solutions for a wide range of applications, including communications, consumer electronics, automotive and industrial sectors.

(2) Supplier B is a foundry company, established in 2005 and headquartered in Shanghai, China, listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was approximately RMB67.6 billion.

(3) Supplier C is a leading IC manufacturing company established in 2016 and headquartered in Hefei, China, with a registered capital of RMB60.2 billion as of the Latest Practicable Date. It is primarily engaged in the research, development, production and sales of DRAM products.

As of the Latest Practicable Date, Supplier C was held as to 21.67% by Hefei Qinghui Jidian Enterprise Management Partnership (Limited Partnership) (合肥清輝集電企業管理合夥企業(有限合夥), "**Qinghui Jidian**"). Qinghui Jidian was held as to 0.01% by Hefei Qinghui Changxin Enterprise Management Partnership (Limited Partnership) (合肥清輝長鑫企業管理合夥企業(有限合夥), "**Qinghui Changxin**") as its general partner. Qinghui Changxin was held as to 51% by Mr. Zhu Yiming and 49% by Beijing Qinghui Xindian Enterprise Management Co., Ltd. (北京清輝鑫電企業管理有限公司, "**Qinghui Xindian**"), which was controlled by Mr. Zhu Yiming. Mr. Zhu Yiming was also a limited partner interested in more than one third of the partnership interest in Hefei Jixin No. 41 Enterprise Management Partnership (Limited Partnership) (合肥集鑫肆拾壹號企業管理合夥企業(有限合夥), "**Jixin No. 41**"), which was in turn interested in more than one third of the partnership interest in Hefei Jixin No. 40 Enterprise Management Partnership (Limited Partnership) (合肥集鑫肆拾號企業管理合夥企業(有限合夥), "**Jixin No. 40**") as a limited partner. Each of Jixin No. 41 and Jixin No. 40 is an employee shareholding platform of Supplier C. Jixin No. 40 was interested in more than one third of the partnership interest in Hefei Jixin Enterprise Management Partnership (Limited Partnership) (合肥集鑫企業管理合夥企業(有限合夥), "**Hefei Jixin**") as a limited partner. As of the Latest Practicable Date, Hefei Jixin held approximately 8.37% of the total issued share capital of Supplier C.

(4) Supplier D is a leading IC packaging and testing company established in 2003 and located in Gansu, China. It is listed on the Shenzhen Stock Exchange and specializes in providing advanced packaging and testing services for a wide range of semiconductor products, with customers across multiple industries globally. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was RMB30.3 billion.

(5) Supplier E is a global semiconductor foundry company, established in 1980 and headquartered in Taiwan, China, and listed on the Taiwan Stock Exchange and the New York Stock Exchange. According to the publicly available information, as of June 30, 2025, the market capitalization of its shares was approximately RMB271.8 billion. It provides high quality IC fabrication services, focusing on logic and various specialty technologies to serve all major sectors of the electronics industry.

(6) Supplier F is a company established in 2017 and located in Guangzhou, China, with a registered capital of RMB2,365.6 million as of the Latest Practicable Date. It engages in integrated circuit design and manufacturing.

As of the Latest Practicable Date, Supplier F was held as to 0.91% by Suzhou Jingpu Venture Capital Partnership (Limited Partnership) (蘇州晶璞創業投資合夥企業(有限合夥), "**Suzhou Jingpu**") . Mr. Hu Hong, an Executive Director and the deputy general manager of the Company, held 7.48% interests in Suzhou Jingpu as limited partners.

Overlapping of Suppliers and Customers

Supplier A among our five largest suppliers of each year/period of the Track Record Period was also our customer in the corresponding years/period, and our sales to them were RMB134,200, RMB9,840, RMB12,547 and RMB2,762 in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively, which amounted to less than 0.1% of our total revenue in corresponding years/period. In 2022, the Supplier C was also our customer in the corresponding year, and our sales to them were RMB2.3 million, which amounted to less than 0.1% of our total revenue in corresponding year. We mainly procured wafers from them, and provided them with IP licensing services. Our procurement from Supplier A and Supplier C, as well as our sales to them, are not interdependent and are negotiated through separate processes. These transactions are conducted in the ordinary course of business and on commercial terms negotiated at arm's length. Save as disclosed above, to the best knowledge of the Company, there was no other overlapping of suppliers and customers among our five largest customers and suppliers of each year/period of the Track Record Period.

See "— Sales and Marketing — Our Customers," and "— Production, Procurement, Inventory and Logistics — Our Suppliers."

Inventory Management

We primarily offer off-the-shelf products, and maintain a readily available inventory. We place great importance on our inventory health, with dedicated personnel responsible for regular reports of inventory status to our management. We take inventory level into consideration when formulating procurement plans.

Our inventories mainly include raw materials, work in progress and finished products. Our raw materials mainly consist of the wafers supplied by our foundry partners, and our work-in-progress inventory mainly comprises the unfinished chips undergoing packaging and testing processing at our OSAT partners. We have various policies in place to ensure effective inventory management, such as adopting the first-in, first-out method, maintaining a safe inventory level for any unexpected increase in demand or delay in supply and tracking and monitoring the flow of goods and inventory levels through our warehouse management system

("**WMS**"). Typically, we determine the inventory level for each type of our products based on the historical sales of such products and projected sales in consideration of the dynamic market demands and industry trends. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the balance of our inventories was RMB2,153.9 million, RMB1,990.9 million, RMB2,346.4 million and RMB2,400.6 million, respectively. In 2022, 2023 and 2024 and the six months ended June 30, 2025, our inventory turnover days were 148 days, 188 days, 167 days and 163 days, respectively. See "Financial Information — Selected Items of Consolidated Statements of Financial Position."

Logistics

Depending on our agreements with the foundry partners, the foundry partners or we are responsible for shipping the wafers from the foundries to the testing and packaging facilities. We are responsible for shipping the packaged and tested chips to the locations or receivers as designated by our distributors or direct sales customers.

We engage qualified third-party logistics service providers for the deliveries. When selecting a logistics service provider, we typically consider their specialty and professional qualification, price, reputation, transportation efficiency, transportation capability and their track records. We also require our logistics providers to possess transportation permits and other relevant qualifications to conduct their business, as well as other qualifications as required by law. We normally enter into long-term agreements with our logistics service providers and evaluate their performance on an annual basis.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant delay in delivery that materially affected our business operations.

Quality Control

We emphasize quality control in all aspects of our operations, covering process, customers and business. From product development and sourcing of supplies to sales and deliveries, we strictly control the quality of our products to ensure our products meet our stringent internal standards as well as international and industry standards. We have been certified under ISO 9001, ISO 14001 and ISO 45001.

We devote significant resources to the quality control of our products. We have established a dedicated quality control department consisting of more than 60 personnel as of June 30, 2025, which is mainly responsible for (i) receiving and fulfilling customer requirements for product quality, (ii) quality management for production partners, including foundry partners and OSAT partners, and (iii) final quality assurance of products and ensuring accountability for product quality. We also established a product test center in Hefei, China, with a laboratory occupying over 3,000 m^2 and a dedicated product testing team. As of June 30, our product testing department consisted of more than 160 personnel, which is responsible for product testing to ensure quality.

Moreover, insisting on the quality-first principle, we have incorporated the Advanced Product Quality Planning ("**APQP**") process into our IPD framework, upfronting quality planning and control throughout each stage of development to ensure the quality of our products. We have specially established a dedicated product quality assurance position in the R&D projects, the person occupying which is responsible for managing product quality and reliability throughout the development process, effectively connecting the quality control department and R&D department.

We inspect the wafers before their delivery for packaging and testing. Our packaging and testing partners also conduct inspections on the wafers for us. Upon delivery of the packaged and tested chips, we also conduct system-level inspections.

During the Track Record Period and up to the Latest Practicable Date, we had never experienced any material penalties in relation to production quality or any material product quality disputes.

Warranty and After-sales Services

We typically provide a one-year warranty for our products, which is in line with prevailing industry practice according to Frost & Sullivan. Our warranty term is typically limited to defects or failures of products that do not meet the product specifications published by us or other specifications as agreed upon in writing with our customers.

We have devised a standard operating procedure for customer service. For direct sales, we will provide after-sales services directly to our customers. For distributor sales, if the indirect customer encounters an after-sales issue, whether they contact us directly or report it through the distributor, we require such issue to be recorded in our system in accordance with our established procedures. We will coordinate with the distributor or communicate directly with the indirect customer to ensure that the issue is properly resolved. We will also continuously track the progress of such issue to maintain high standards of customer service quality.

We accept returns of our system products for defects. During the Track Record Period, the value of returned products we accepted was less than 1.0% of the total revenue of each period, which was lower than the industry average level according to the Frost & Sullivan. We believe our return policy is consistent with the relevant PRC laws and regulations governing product quality and consumer rights and interests, as applicable. We did not receive any requests for returns during the Track Record Period that individually or in aggregate had a material adverse effect on our business and financial condition. In addition, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any product recall that materially and adversely impacted our reputation, business operations or financial condition.

RELATIONSHIP WITH CXMT

Background of CXMT

CXMT (together with its subsidiaries, "**CXMT Group**") is a leading IC manufacturing company with an IDM business model established in June 2016 and headquartered in Hefei, Anhui Province, the PRC, primarily engaged in the research, development, production and sales of DRAM.

In October 2017, the Company entered into a cooperation agreement with Hefei Industrial Investment Holdings (Group) Co., Ltd. (合肥市產業投資控股(集團)有限公司), a company wholly owned by the State-owned Assets Supervision and Administration Committee of the People's Government of Hefei (合肥市人民政府國有資產監督管理委員會), in relation to the investment and cooperation in a DRAM research and development project. To facilitate the progress of the project, at the request of the relevant cooperating partners of the project, Mr. Zhu Yiming, as the Company's representative, was appointed as the chairman of the board of directors and the chief executive officer of CXMT Memory and the chief executive officer of CXMT, with such appointments approved by the Board and the Shareholders. Each of CXMT and CXMT Memory was an implementation entity for the abovementioned project.

In April 2024, the Company subscribed for 574,714,200 shares of CXMT in its pre-IPO financing, immediately upon completion of which the post-money valuation of CXMT was approximately RMB150.8 billion. As of the Latest Practicable Date, CXMT was held as to, among others, 21.67% by Qinghui Jidian and 1.80% by the Company. Qinghui Jidian was held as to approximately 51.09% by Hefei Xinrui Investment Co., Ltd. (合肥芯睿投資有限責任公司, "**Hefei Xinrui**") as a limited partner, 48.90% by Hefei Changxin Integrated Circuit Co., Ltd. (合肥長鑫集成電路有限責任公司, "**Hefei Changxin**") as a limited partner and 0.01% by Qinghui Changxin as its general partner. Hefei Xinrui was ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of Hefei Economic and Technological Development Zone (合肥經濟技術開發區國有資產監督管理委員會). Hefei Changxin was ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of Hefei Municipal People's Government (合肥市人民政府國有資產監督管理委員會). Qinghui Changxin was held as to 51% by Mr. Zhu Yiming and 49% by Qinghui Xindian, which was controlled by Mr. Zhu Yiming. Mr. Zhu Yiming was also a limited partner interested in more than one third of the partnership interest in Jixin No. 41, which was in turn interested in more than one third of the partnership interest in Jixin No. 40 as a limited partner. Each of Jixin No. 41 and Jixin No. 40 is an employee shareholding platform of CXMT. Jixin No. 40 was interested in more than one third of the partnership interest in Hefei Jixin as a limited partner. As of the Latest Practicable Date, Hefei Jixin held approximately 8.37% of the total issued share capital of CXMT. Mr. Zhu Yiming is currently the chairman of the board of directors (the "**CXMT Board**") and chairman of the executive committee of CXMT, with such positions approved by the Board and the Shareholders. To the best knowledge of the Company, (i) there is no other cross-shareholding, or common major shareholders between the Company and CXMT; (ii) there are no other relationships between the Company, CXMT, their directors and their respective associates; and (iii) there are no other assets, personnel or resources shared between the Company and CXMT. As (i) CXMT is not a 30%-controlled company (as defined under Chapter 14A of the Listing Rules) held, directly or indirectly, by Mr. Zhu Yiming; and (ii) there are no other relationship between the Company, CXMT, their directors and their respective associates, CXMT is not a connected person of the Company.

Businesses of the Group and CXMT Group

During the Track Record Period and up to the Latest Practicable Date, both the Group and CXMT Group have been involved in the DRAM business and CXMT Group has been one of the major suppliers of the Group. For details of the business relationship between the Group and CXMT Group, see "— Business Relationship between the Group and CXMT Group" below. The following table sets forth the differences between the businesses of the Group and CXMT Group:

	The Group	CXMT Group
Product portfolio	The Group provides a diversified product portfolio to its customers, including specialty memory chips (including Flash and niche DRAM), MCU, analog chips and sensor chips. For further details, see "Business — Our Products."	CXMT Group specializes in the research, development, production and sales of DRAM.
DRAM product positioning and customer focus	The Group mainly focuses on niche DRAM, which mainly targets downstream customers operating in industries including set-top boxes, televisions, smart homes and base stations.	CXMT Group mainly focuses on mainstream DRAM, which is mainly used in applications such as servers, personal computers and smartphones.
DRAM product types	The Group's niche DRAM offerings currently include DDR3L, DDR4 and LPDDR4.	CXMT Group's DRAM offerings currently include DDR5, LPDDR5, DDR4 (targeting commodity market) and LPDDR4X (targeting commodity market).

	The Group	CXMT Group
Business model .	The Group adopts a fabless business model and is asset-light. Under the fabless business model, an enterprise is mainly involved in the design, research and development and sales of its products. Following the completion of the design and research and development of its products, such enterprise will cooperate with qualified foundry partners for IC fabrication and OSAT partners for IC testing and packaging. For further details, see "Business — Production, Procurement, Inventory and Logistics — Our Fabless Model."	CXMT Group adopts an IDM business model where its DRAM products are designed, manufactured and sold through its own foundries, which is asset-heavy in nature.
Industry chain partners and suppliers.	As the Group adopts a fabless business model, the major industry chain partners and suppliers of the Group are foundry partners for IC fabrication and OSAT partners for IC testing and packaging.	As CXMT adopts an IDM business model, the major industry chain partners and suppliers of CXMT Group are suppliers of raw materials and production equipment as well as OSAT partners for IC testing and packaging.

Based on the foregoing, the Directors are of the view that there is no actual competition between the business of the Group and the business of CXMT Group.

Business Relationship between the Group and CXMT Group

The Group has, in its ordinary and usual course of business, entered into the following transactions with CXMT Group which are expected to continue after the Listing.

1. Provision of DRAM by CXMT Group

As the Group adopts a fabless business model without production capacity, the Group collaborates with qualified foundry partners for IC fabrication. In terms of DRAM, considering (i) CXMT Group's profound industry experience and expertise in DRAM; (ii) CXMT Group's industry-leading manufacturing capabilities of DRAM and CXMT Group's proven track record in DRAM manufacturing; and (iii) the Group's longstanding cooperation with CXMT Group, as approved by the Shareholders, the Group has entered into a series of agreements with CXMT Group since May 2020, including an agreement dated January 15, 2024, pursuant to which CXMT Group has agreed to provide DRAM manufactured by it to the Group (collectively, the "**DRAM Provision Agreements**"). By entering into the DRAM Provision Agreements, the Group and CXMT Group have clarified the modalities and arrangements of their cooperation, and CXMT Group has become a reliable and stable qualified foundry partner of the Group, allowing the Group to focus on the design and sales of its niche DRAM under the fabless business model. Below sets forth the salient terms of the DRAM Provision Agreements:

- *Cooperation modes.* The Company and CXMT contemplate two cooperation modes under the DRAM Provision Agreements: foundry sourcing and product procurement. Under the foundry sourcing cooperation mode, CXMT Group shall use commercially reasonable efforts to provide foundry services to the Group for the DRAM with the Group's design, subject to CXMT Group's production capacity for its own products. Under the product procurement cooperation mode, CXMT Group may provide the Group with DRAM designed and manufactured by CXMT Group for the Group's future sales.

- *Market focus.* CXMT Group shall mainly focus on commodity market, and the Group shall mainly focus on niche market.

- *Pricing.* The transactions between the Group and CXMT Group shall be made with reference to the fair market price.

- *Credit term and payment method.* The credit term and payment method shall be in accordance with the purchase order. The Group is typically offered a credit term of 14 days or monthly settlement, depending on the product type provided by CXMT Group. Payment is usually made through wire transfer.

- *Duration.* The DRAM Provision Agreements shall be valid until December 31, 2030, and shall be automatically renewed for successive terms of five years unless either party notifies the other party in writing no later than six months prior to the expiry of the DRAM Provision Agreements.

The transactions between the Group and CXMT Group under the DRAM Provision Agreements are conducted on an arm-length basis, considering:

(i) the fees paid by the Group to CXMT Group for its provision of DRAM under the DRAM Provision Agreements are determined after arm's length negotiations between the Group and CXMT Group, with reference to the prevailing market price and CXMT Group's manufacturing cost of the relevant DRAM. According to Frost & Sullivan, the pricing approach under the DRAM Provision Agreements is in line with the industry norm;

(ii) the terms of the DRAM Provision Agreements, including the pricing terms, have been reviewed by the Board and the Shareholders. Mr. Zhu Yiming and InfoGrid Limited (where applicable) have abstained from such review process pursuant to applicable PRC laws and regulations;

(iii) the pricing of the transactions under the DRAM Provision Agreements is negotiated between the Group and CXMT Group on a quarterly basis. Mr. Zhu Yiming shall abstain from such negotiation process pursuant to applicable PRC laws and regulations; and

(iv) for each financial year, if the projected accumulated amount of the transactions under the DRAM Provision Agreements exceeds 0.5% of the Group's latest audited net assets, such projected accumulated amount shall be approved by the Board as well as the independent non-executive Directors, and Mr. Zhu Yiming shall abstain from voting on the relevant resolutions at the Board meeting. For each financial year, if the projected accumulated amount of the transactions under the DRAM Provision Agreements exceeds 5% of the Group's latest audited net assets, such projected accumulated amount shall also be approved by the Shareholders at the general meetings of the Company, and Mr. Zhu Yiming and InfoGrid Limited shall abstain from voting on the relevant resolutions at the general meetings. As of the Latest Practicable Date, the Company had complied with such internal control measures, including, where applicable, the Shareholders' approval for the transactions under the DRAM Provision Agreements.

The following table sets forth the transaction amounts between the Group and CXMT Group under the DRAM Provision Agreements by cooperation mode during the Track Record Period:

	Year Ended December 31,						Six Months Ended June 30,	
	2022		2023		2024		2025	
	(in RMB thousands, except for percentages)							
Foundry sourcing	274,859	31.0%	362,539	47.2%	1,018,035	100.0%	433,482	100.0%
Product procurement	612,573	69.0%	404,863	52.8%	–	–	–	–
Total	**887,432**	**100.0%**	**767,402**	**100.0%**	**1,018,035**	**100.0%**	**433,482**	**100.0%**

2. Joint product development

The Company has entered into a joint product development platform cooperation agreement with CXMT (as supplemented, the "**Product Development Agreement**") in April 2020, pursuant to which the Company has agreed to license its IP rights to CXMT from time to time, to facilitate the joint development process, in consideration that CXMT pays corresponding IP license fees to the Company. The amounts of the IP license fees are determined after arm's length negotiations between the Company and CXMT with reference to the development costs of the relevant IP rights.

The Group only recorded approximately RMB2.3 million in 2022 in terms of the IP license fees received from CXMT during the Track Record Period.

Corporate Governance Measures

Despite Mr. Zhu Yiming's directorships and managerial roles in both the Company and CXMT, the Directors are of the view that Mr. Zhu Yiming is able to devote sufficient time and resources to manage the Group's operations, discharge his duties as the chairman of the Board and executive Director and act in the best interest of the Company, on the basis that:

(i) Mr. Zhu Yiming has been involved in the management and operation of the Group since he founded the Group in April 2005. Since the inception of the Group, he has been in charge of the overall strategic planning, business development and enterprise management of the Group and fully discharged his duties as a Director and the chairman of the Board by participating in the formulation of the Group's development strategies and the decision-making in the Group's investments and capital operations. During the Track Record Period and up to the Latest Practicable Date, Mr. Zhu Yiming had attended all Board meetings of the Company. After the Listing, Mr. Zhu Yiming is expected to, while continuing to be supported by the experienced senior management team in the Group, devote his time to the overall strategic planning, business development and enterprise management of the Group as he has been historically; and

(ii) despite assuming directorships and managerial roles in both the Company and CXMT, Mr. Zhu Yiming has been and will continue to be supported by the separate and independent board of directors and senior management teams of the Company and CXMT to perform his respective duties in the two companies. Accordingly, Mr. Zhu Yiming's positions in CXMT will not impair his ability to discharge his duties as the chairman of the Board and executive Director of the Company.

The Board functions independently of the CXMT Board and each of the Directors is aware of his/her fiduciary duties as a director of the Company which require, among other things, that he/she must act for the benefit and in the best interest of the Group. In particular, the Company has appointed five independent non-executive Directors, representing more than half of the members of the Board, to provide a balance of the number of potentially interested and independent Directors with a view to promoting the interests of the Company and Shareholders as a whole. The independent non-executive Directors will be entitled to engage professional advisors for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between the Company and CXMT.

The Company has adopted relevant corporate governance measures to manage potential conflict of interests, including but not limited to, where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on such resolutions and shall not be counted in the quorum for the voting. Such corporate governance measures will enable the Company to balance any potential conflict of interests and to safeguard and represent the interests of the Group and the Shareholders as a whole.

INTELLECTUAL PROPERTIES

We had 1,085 patents, 226 registered trademarks, 62 copyrights and 3 domain names as of June 30, 2025. See "Appendix IV — Statutory and General Information — Further Information about the Business — Intellectual Property." These intellectual properties cover our production processes as well as the designs of our products.

We rely on a combination of intellectual property protection laws in the jurisdictions in which we operate and contractual arrangements (including confidentiality provisions) to establish and protect our proprietary technologies, know-how and other intellectual property rights. Our intellectual property department is primarily responsible for protecting our intellectual properties. We proactively manage and expand our intellectual property portfolio and use regulations, policies, and confidentiality and non-compete agreements to protect our intellectual properties and trade secrets. Despite our efforts, we may be subject to risks associated with alleged infringements of third parties' intellectual property rights, or infringements of our intellectual property rights by third parties. See "Regulatory Overview," and "Risk Factors — Risks Relating to Our Business and Industry — Our patents and other non-patented intellectual properties are valuable assets, and if we are unable to protect them from infringement, our business prospects may be harmed."

During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, we had not been subject to any material intellectual property claims that could have a material adverse effect on our business or operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Management Framework

In order to achieve scientific, systematic and standardized management for the ESG system, we have formulated the Administrative Measures for Environmental, Social and Governance, and established a three-level ESG management structure, consisting of the Strategy Committee, the ESG leading group and the ESG working group. Strategy Committee, the top decision-maker of the sustainable development management, is responsible for decision-making on ESG-related matters. The Strategy Committee is composed of our chairman of the Board, IC industry experts and investment experts.

In addition, we have established a long-term ESG management framework comprising three major mechanisms: (i) an ESG meeting mechanism, including ESG leading group meeting, ESG working group meeting and other ESG ad hoc task meetings, (ii) a stakeholder response mechanism, covering the receipt, organization and response to inquiries and demands, and (iii) an information disclosure mechanism, encompassing ESG report disclosure, website information disclosure, and media dissemination to enhance the Company's ESG governance standards.

Material ESG Topics

Material ESG topics serve as key focal points for the management of our sustainable development. Following stakeholder engagement principles, we regularly conduct importance assessments by consulting both internal and external stakeholders to determine our material topic matrix. In 2024, the key material topics included product quality, R&D innovation, labour rights protection, corporate governance and internal control compliance, talent cultivation and development, customer relationships and supply chain management.

Environment

Climate change

We have established a climate change risk governance structure and policy framework, clearly defining the responsibilities and roles of the Board, senior management, and the executive team in addressing climate-related matters, to contribute to a more robust and systematic governance mechanism. Furthermore, we have developed and publicly released our Climate Change Policy on our official website. According to it, the Strategy Committee is responsible for overseeing climate-related risks and regularly reviewing progress on related performance, thereby ensuring that management initiatives are effectively implemented and appropriately supervised.

We operate in the rapidly evolving semiconductor industry, where the continuous miniaturization of transistors — the fundamental building blocks of chips — has led to both material savings and reductions in power consumption. We closely monitor opportunities in clean technologies and leverage our technical expertise to integrate the concept of sustainable development into product innovation. We place great emphasis on R&D, with a strong focus on designing and developing environmentally friendly and energy-efficient products. By offering low-power solutions, the company helps extend product lifecycles and reduce the environmental impact of end-user applications. Sustainability and energy efficiency are embedded in the product design process from the outset. We take product lifespan and application scenarios into consideration to minimize unnecessary power consumption in circuits and reduce overall energy use.

GHG Emissions

Item	Unit	For the year ended December 31, 2022	2023	2024
Total Scope I GHG emissions . . .	tCO_2e	60	226	207
Total Scope II GHG emissions . .	tCO_2e	4,643	6,095	4,906

The increase in total Scope II GHG emissions from 4,643 tCO_2e in 2022 to 6,095 tCO_2e in 2023 was primarily due to the increased energy consumption along with our enlarged business scale. The decrease in total Scope II GHG emission from 6,095 tCO_2e in 2023 to 4,906 tCO_2e in 2024 was primarily due to our increased use of green electricity.

In 2023, we began and successfully carried out Scope III GHG emission data collection and disclosure for the business travel, including the Scope III GHG emission from business travels via plane, train and taxi. In 2023 and 2024, the afore-mentioned Scope III GHG emission for business travel amounted to 851.2 tCO_2e and 1,261.3 tCO_2e, respectively. In 2024, we continued to advance our carbon footprint management efforts. Moving forward, we plan to further enhance our data collection and disclosure processes for Scope III emissions in accordance with the Greenhouse Gas Protocol, adapting our reporting as more relevant data becomes available. Specifically, in 2026, we expect to expand the scope of our ESG report assurance to include the Scope III GHG emissions data of above-mentioned business travel. In 2027, we expect to start collecting data of employee commuting, upstream transportation and delivery for Scope III GHG emissions. In 2028, we will attempt to disclose relevant Scope III emission information for employee commuting, upstream transportation and delivery.

To proactively respond to the goals of Carbon Peaking and Carbon Neutrality, we continue to pay attention to environmental protection and the development of ecological culture. We are committed to integrating sustainable development into our business operation and decision-making. We have established environmental protection targets to quantify our efforts and actively monitor our environmental impact. Our goal is to reduce Scope I and Scope II GHG emissions by 50% by 2030, compared with 2021 levels.

Energy management

We have consistently prioritized ecological and environmental protection along with the sustainable use of resources. By integrating the principles of environmental protection and green development into our daily operations, we have optimized the energy efficiency of our office buildings and actively promoted energy conservation awareness. These efforts have collectively contributed to a reduction in office energy consumption and enhanced the overall sustainability performance of our business operations.

In our business operations, we have taken many initiatives to improve energy efficiency and reduce energy consumption. For example, we have successfully connected our rooftop photovoltaic project at the Hefei office to the grid in November 2023, with an installed capacity of 267.3 kW. In 2024, the project generated a total of 310,239 kWh of electricity, resulting in an estimated reduction of approximately 176.929 tons of carbon-dioxide-equivalent emissions. Moreover, prior to the renovation of the new office area, we adjusted the lighting system design according to the guidance of WELL/LEED certification standards. We also add programmable timers and motion sensors, along with the installation and application of a building automation system and an intelligent power control system, to enhance the energy efficiency of our office building. We aim to increase the proportion of green electricity in our internal electricity consumption to over 60% by 2030.

		For the year ended December 31,		
Item	**Unit**	**2022**	**2023**	**2024**
Purchased electricity	kWh	8,141,929	10,687,736	12,737,024
Comprehensive energy consumption	tonnes of standard coal	1,034	1,344	1,616

Environmental compliance and waste and water resources management

We closely monitor environmental protection policies in our domestic and international areas of operation and strictly comply with national and local laws and regulations, including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), and the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). We effectively implement internal policies such as the Environmental Factors Identification and Evaluation Procedure, the Energy and Resource Conservation Control Procedure, and the Solid Waste Pollution Prevention and Control Procedure. Environmental goals and targets are integrated into our management reviews to ensure the thorough implementation of environmental management requirements. We have obtained and maintained an ISO14001 Environmental Management System certification.

To improve water use efficiency and reduce water consumption, we have implemented the following measures. We gradually replace traditional water dispensers with direct drinking water machines, and regularly engage suppliers to replace filters and conduct water quality testing. Bottled water is no longer provided based on the number of attendees at meetings, particularly large-scale ones, but is instead supplied at no more than 70% of the expected headcount, and placed in a central location for attendees to take as needed. Moreover, employees and visitors are also encouraged to bring their own reusable water bottles during meetings or events to reduce bottled water consumption and minimize water resource waste.

We are classified as a non-key pollutant discharge unit and are not involved in the discharge of pollutants or waste such as wastewater, exhaust gas, or noise. Despite that, we have formulated and strictly implemented the Solid Waste Pollution Prevention and Control Procedures and Solid Waste Classification Table to manage waste. Items such as toner cartridges, ink cartridges, batteries, and lamps are classified as hazardous solid waste and are stored in the Company's hazardous waste warehouse with appropriate hazardous waste labels affixed. Rechargeable keyboards and mice, hard drives, and similar items are treated as electronic waste and temporarily stored in the hazardous waste warehouse. Other types of electronic waste are collected and stored in the general warehouse. We also entered into an agreement with a qualified environmental protection agency to entrust them with the disposal of hazardous solid waste in compliance with relevant regulations. In 2024, a total of 0.01 tons of hazardous waste and 0.05 tons of general industrial solid waste were generated, and lawfully transferred and disposed of.

		For the year ended December 31,		
Item	**Unit**	**2022**	**2023**	**2024**
Total water consumption	tons	21,472	17,346	18,953

Social Responsibility

Supply Chain Management

As a fabless IC design house, we rely on our suppliers to provide us various raw materials, components, consumables and packing. We place great emphasis on supply chain management and are committed to establishing a responsible and sustainable green supply chain. To this end, we have formulated a range of internal rules and regulations such as the Supplier Control Procedures, the Supplier Review Procedures and the Supplier Basic Norms of Packaging and Testing. We are actively advancing sustainable procurement within a green supply chain by expanding our selection of environmentally friendly raw products. Through rigorous verification processes, we assess whether the raw materials, consumables, and packaging can meet relevant environmental standards. Thus, a comprehensive supplier management system that encompasses supplier access, assessment, risk management and withdrawal is established.

- *Admission assessment*. We evaluate suppliers based on our New Supplier Admission Procedure, which includes an initial scoring assessment, followed by engineering validation, on-site inspection, and review by the Supplier Decision Committee to determine inclusion in our approved supplier list. In particular, we prioritize safety and environmental protection factors in the supplier admission procedure, with the Supplier Environmental Audit Checklist specifically ensuring compliance with the environmental, occupational health, and safety management system, and the Quality System & Process Review Form for Packing and Testing Suppliers covering quality system requirements. We plan to incorporate the use of renewable energy by suppliers as an access requirement and will gradually promote the signing of a Green Power Commitment among our suppliers.

- *Compliance commitment*. We regularly communicate environmental protection laws, regulations, and customer requirements to our suppliers to support the green transition of our supply chain. In collaboration with our suppliers, we actively promote an ethical and transparent business environment. As part of our daily operations, we carry out anti-corruption training and awareness initiatives for suppliers and remain firmly committed to eliminating all forms of corrupt practices. Moreover, we incorporate anti-corruption commitments into our sales and procurement contracts to strengthen compliance awareness and promote higher compliance standards among our customers and suppliers.

- *Regular evaluation*. We conduct regular supplier evaluations and actively promote social responsibility guidelines among our suppliers, incorporating social responsibility criteria into routine assessment processes. An ESG matters have been added to the existing annual evaluation framework, covering key areas such as labor rights, health and safety, environmental practices and business ethics. We regularly assess the ESG management of our core suppliers and assesses their ESG risks every year. For high-risk suppliers, we conduct on-site audits at least once every three years. For suppliers receiving unsatisfactory evaluation outcomes, we provide targeted training to support their continuous improvement and strengthen ESG performance across the supply chain.

Occupational Health, Safety and Care

We place great importance on employees' health and safety and continuously strengthen our occupational health and safety management systems to ensure a healthy and safe working environment. In 2023, we successfully completed the external surveillance assessment for ISO 45001 and updated our certification in September 2023.

We strictly comply with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), and other relevant laws and regulations. In accordance with the relevant laws and regulations, we promote the implementation of internal policies such as the Employment Management Standards and Labor Contract. These efforts aim to regulate corporate operations, protect employees' rights and interests, and continuously optimize talent management mechanisms.

We have also systematically reviewed and refined our occupational health management. Several internal policies and procedures have been established, including the Control Procedure for Laws, Regulations, and Relevant Requirements, the Compliance Evaluation Procedure, the Occupational Health and Safety Control Procedure, the Comprehensive Safety Management System for the Working Environment, the Emergency Preparedness and Response Procedure, and the Hazard Identification and Risk Assessment Procedure. To safeguard employee well-being, we arrange annual physical examinations and provide all employees with supplementary commercial medical insurance, which covers outpatient services, hospitalization, and accidental injuries. Moreover, we regularly conduct both online and offline training sessions that combine theoretical knowledge with practical skills on occupational health and safety, first aid and fire safety, aiming to continuously raise awareness and preparedness among employees.

We also offer a competitive benefits package, including social insurance, paid leave, holiday perks, and recreational activities. Beyond material support, we actively enrich our employees' cultural lives, prioritize both physical and mental well-being, remain attentive to the needs of employees facing challenges, and strive to cultivate a harmonious and fulfilling workplace environment.

We foster a culture rooted in equality, diversity and innovation, with zero tolerance for discrimination. By promoting transparency, trust, honesty and inclusiveness, we create an environment where everyone feels valued and respected.

Community Relations Management

We actively fulfill our social responsibilities, continuously support public welfare, and contribute to serving society. Each year, we prepare a dedicated budget for public welfare donations and continuously improve processes such as the research and evaluation of public welfare projects, project application and approval, and donation implementation, review, participation, and tracking and statistics, in order to enhance our social influence. In 2024, we formulated the Volunteer Activities Management Measures to promote the smooth development of various volunteer service activities and to protect the legitimate rights and interests of both volunteers and service recipients.

In 2024, we invested RMB1.6 million in public welfare programs, with a total of 112 participants devoting approximately 97 hours in total.

Corporate Governance

Business Integrity

We uphold the principle of integrity and adhere to a standardized code of business conduct. All business activities and market competition are conducted in compliance with applicable laws and regulations, with a firm stance against commercial bribery and unfair competition in any form. To foster a transparent and ethical business environment and strengthen employees' integrity and self-discipline, we have introduced the Administrative Measures for Anti-Commercial Bribery and published the Code of Business Ethics, the Anti-Commercial Bribery Compliance Policy, and the Reporting and Informant Protection System on our official website. These measures clearly define the organizational structure and responsibilities related to anti-bribery management and establish procedures for reporting, investigation, and accountability. We require key personnels to sign the Letter of Commitment on Anti-Commercial Bribery, thereby upholding our reputation for integrity and ethical conduct.

We also establish a comprehensive, multi-level anti-commercial bribery management framework led by the Board and coordinated by the general manager. This framework includes the Compliance Committee, the Anti-Commercial Bribery Management Department, the Anti-Commercial Bribery Supervisory Department, and other relevant departments responsible for the implementation of anti-bribery policies.

Moreover, we continuously conduct anti-bribery compliance risk assessments for our business partners. Through various means such as contracts and commitment letters, we actively communicate our anti-bribery policies to business partners and maintain ongoing oversight throughout the contract execution periods.

DATA PRIVACY AND CYBERSECURITY

In recent years, data privacy and cybersecurity have emerged as critical governance priorities for companies worldwide. In particular, the PRC legislative and government authorities regularly introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, process and transfer of various types of data may come under increased administrative scrutiny. See "Risk Factors — Risks Relating to Our Business and Industry — Any failure or perceived failure to comply with data privacy and security laws could subject us to potential liabilities."

We collect and store business, management and transaction data generated during or in connection with our business operations, including data related to our business and transactions with our customers, suppliers and other relevant parties. We collect personal information of our customers only in very limited and necessary circumstances.

We have established a comprehensive data compliance system. We have deployed more than ten types of security systems and devices, including firewalls, internet behavior management, antivirus softwares, network access control, data loss prevention, threat intelligence platforms, log management, and vulnerability scanning. These tools form a layered defense system that extends from the network perimeter to the data center and end-user terminals. This architecture enables proactive prevention, real-time alerts during incidents, and post-event accountability in response to cybersecurity threats.

Our information technology departments are responsible for developing and implementing our policies and procedures relating to cybersecurity and data security.

As advised by our PRC Legal Advisors, during the Track Record Period, we complied with applicable laws and regulations related to cybersecurity and data protection in all material respects.

THE IMPACT OF U.S. OUTBOUND INVESTMENT RULE

On October 28, 2024, the U.S. Department of the Treasury ("**Treasury**") issued a final rule, codified in the United States Code of Federal Regulations at 31 C.F.R. part 850, to implement the Executive Order 14105 of August 9, 2023 (the "**Final Rule**"), which became effective on January 2, 2025. See "Regulatory Overview — U.S. Outbound Investment Rule."

As advised by DLA Piper, our Directors believe that we are likely to be deemed a Covered Foreign Person engaged in one of the "covered activities" (including (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems) as we design integrated circuits as described in the definition of "notifiable transactions" in 31 C.F.R. §850.217. We are not directly or indirectly engaged in any "covered activities" as described in the definition of "prohibited transactions" (each as defined in the Final Rule) as we do not design, fabricate or package any integrated circuit with performance parameters of the advanced integrated circuits covered by prohibited transactions as defined by the Final Rule. As advised by DLA Piper, U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "Covered Transactions," and include certain acquisitions of an equity interest, certain debt financing, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. U.S. persons engaged in a "Covered Transaction" that involves the acquisition of our equity interests (including the subscription of our H Shares in the Global Offering) may need to make a notification to Treasury pursuant to the Final Rule.

Based on the above, and that, as advised by DLA Piper, it is the responsibility of the U.S. person engaged in a "notifiable transaction" to make a notification to Treasury pursuant to the Final Rule, our Directors do not believe that the Final Rule is expected to have a material adverse impact on our business, results of operations, financial condition or the Global Offering.

However, there is no assurance that the Treasury will take the same view as ours. Future changes in the Final Rule, the America First Memo and any related policies, laws and regulations or their interpretations, or any similar or more expansive restrictions imposed by the U.S. or other jurisdictions, may result in additional costs on our business and/or limit our ability to raise capital or contingent equity capital from U.S. investors and other sources that may otherwise be beneficial to us, which could adversely affect our performance, financial condition and prospects, in which case the Global Offering of our H Shares may also be materially and adversely affected. See "Risk Factors — We are exposed to risks associated with U.S. Executive Order 14105 and its implementing regulations that prohibit and require notification by on U.S. persons for certain investments."

THE IMPACT OF EAR

The Export Administration Regulation (the "**EAR**") regulates U.S. export control, and the Bureau of Industry and Security (the "**BIS**") of the Department of Commerce administers the EAR. The U.S. export control regime regulates the export, transfer or disclosure of U.S. 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 or transfer.

Certain items procured by the Company, including software (such as EDA) and hardware (such as storage systems and servers) are originated from the U.S. or meet the Direct Product Rule or De Minimis Rule, and therefore, are subject to EAR including EAR-99 and items with ECCNs. As advised by the DLA Piper, for items procured by us that are subject to EAR, including software and hardware, our procurement of such items which are subject to EAR would not require a license or would be subject to a license exemption based on the classifications provided by the suppliers of such items, because (i) those items are nonsensitive or relatively less sensitive, (ii) China is not an embargo country as defined by the EAR or subject to comprehensive controls, and (iii) the Company is not a sanctioned target, and the end use is not restricted. The procurement amounts of such items and EAR-99 Items were RMB107.9 million, RMB38.8 million and RMB76.5 million in 2022, 2023 and 2024, respectively, accounting for 1.93%, 0.89% and 1.45% of the total procurement amount of the Company during the respective years. See "Regulatory Overview — Laws and Regulations Relating to U.S. Export Controls and Sanctions — Impact on the Company."

Based on the above, our Directors do not believe that the current U.S. export control regime is expected to have a material adverse impact on our business, results of operations and financial condition.

However, as the BIS rules are evolving, future sanctions and export controls may significantly impact our business relationships with some of the key customers or suppliers. See "Risk Factors — We are subject to risks associated with sanctions and export controls laws and regulations, international trade policies and actions, and developing domestic and foreign laws and regulations."

INFORMATION TECHNOLOGY

Our information technology systems are essential to our business operations. We have developed or employed various information technology systems covering all material aspects of our operations, including sales, supply chain management, inventory management, production and quality control. Our information technology department is responsible for developing and maintaining information technology systems to support our business operations and growth.

Our key information technology systems are set forth below:

- Our systems applications and products system serves as our core enterprise resource planning platform, managing key processes such as financial reporting, procurement workflows, production planning, inventory tracking and sales order management. It helps to refine our management and supports data-driven decision-making.

- Our customer relationship management system manages customers' information and sales processes. It helps to track potential customers and sales opportunities in order to enhance efficiency, reduce human errors and enhance customer satisfaction.

- Our supplier relationship management system optimizes supply chain processes by predicting demand, managing inventories, reducing costs and enhancing the flexibility of the supply chain. It helps to ensure timely supply of raw materials and products.

COMPETITION

We operate in a highly competitive market, and we compete with other chip providers in the memory, analog and sensor chips segments, as well as with other providers in the MCU segment. The competitive landscape is shaped by multiple factors, including the growth of our customers and their respective industries, advancements in technology, emergence of new materials or technology, production capacity, regulatory changes and general economic conditions. New market participants may emerge, introducing innovative or cost-effective products that challenge existing players. If we are unable to keep pace with such advancements or fail to differentiate our products in terms of quality or cost, we risk losing market share to our competitors. See "Industry Overview," and "Risk Factors — Risks Relating to our Business and Industry — We face competition and expect to continue facing competition in the future. If we fail to compete effectively, our business, prospects, results of operations and financial condition will be materially and adversely affected."

INSURANCE

We maintain insurance policies to cover product liabilities, general liabilities and product recall. In addition, we have purchased a number of property-related insurance policies covering our facilities, machinery, equipment, inventories and other assets. We review our insurance policies from time to time to assess the adequacy and breadth of coverage. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries in which we operate. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Risks Relating to our Business and Industry — Our insurance coverage may be insufficient to cover all of our potential losses."

During the Track Record Period, we did not make and were not the subject of, any insurance claims which are material to our business or financial condition.

PROPERTIES

As of June 30, 2025, we operated our business through four major owned properties and 17 major leased properties in China, Japan, Germany, the United States and Singapore. We primarily use our owned and leased properties as our office premises.

As of June 30, 2025, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include any valuation report in this prospectus. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

Owned Properties

As of June 30, 2025, we owned four major properties with an aggregate gross floor area of 25,779.0 sq.m. in China. We mainly use these properties as our office premises. As of the same date, we had one land use right in China with a gross floor area of 13,081.36 sq.m.

Leased Properties

As of June 30, 2025, we leased 17 major properties with an aggregate gross floor area of 19,208.9 sq.m. in China, Japan, Singapore, Germany and the United States, mainly as our office premises.

According to applicable PRC laws and regulations, the lessor and the lessee to a lease agreement are required to file the agreement with relevant government authorities within a prescribed time period. As of the Latest Practicable Date, with respect to six major leased properties in China used as an office, we had not registered the lease agreements, which required the cooperation of the property owners. Although failure to do so does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. If we receive notice from the relevant PRC government authorities requiring us to complete the registration within the prescribed time frame and if we fail to do so, the maximum aggregate amount of potential administrative penalties we would be subject to for the six lease agreements is RMB60,000. In the event that any fine is imposed on us for our failure to register our lease agreements, we may not be able to recover such losses from the lessors. During the Track Record Period, we did not make any provision for such non-compliance in consideration of (i) the maximum aggregate amount of potential administrative penalties was insignificant, and (ii) we were actively rectifying such non-compliance, and during the Track Record Period and as of the Latest Practicable Date, we did not receive notice from the relevant PRC government authorities requiring us to complete the registration. As advised by our PRC Legal Adviser, the absence of registrations will not affect the validity of the lease agreements, nor materially and adversely affect our operations. We will continue to make efforts to work with the property owners to rectify such non-compliance, but it is not expected that we may fully rectify the non-compliance of the six major leased properties before listing.

EMPLOYEES

As of June 30, 2025, we had 2,126 full-time employees, with approximately 97.7% of our employees located in Chinese Mainland. The following table sets forth a breakdown of our full-time employees by function as of June 30, 2025.

Function	As of June 30, 2025	
	Number	%
Sales personnel	253	11.9
Technical personnel	1,556	73.2
Finance personnel	50	2.4
Operation personnel	97	4.6
Others[1]	170	8.0
Total	**2,126**	**100**

Note:

(1) Mainly include human resources personnel, administrative personnel, legal and compliance personnel and IP personnel.

Geographic locations	As of June 30, 2025	
	Number	%
Chinese Mainland	2,076	97.7
Overseas[1]	50	2.3
Total	**2,126**	**100.0**

Note:

(1) Comprise the United States, Germany, Singapore, Japan and the United Kingdom.

We provide our employees with certain benefits including social insurance coverage and other employee benefits. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. Our employees' compensation is determined according to their job positions, technical skills, and job performance and competition.

We have designed a series of comprehensive training programs that align with our strategic direction and talent development objectives. These programs combine online and in-person learning formats to enhance employees' job-related skills, unlock their potential, and strengthen leadership, professional and general capabilities. We consistently optimize our Training Management Policy based on the development needs of our business, with a strong focus on internal talent development and the establishment of an efficient talent pipeline.

None of our employees are represented by a union or collective bargaining agreements. We believe that we have good employment relationships with our employees. During the Track Record Period, we did not experience any strikes, work stoppages, labor disputes or other actions which had a material adverse effect on our business and operations.

Social Insurance and Housing Provident Funds

According to the relevant PRC laws and regulations, we are required to make contributions to the social insurance fund and housing provident fund for the benefit of our employees in China. See "Regulatory Overview — Regulations on Labour and Employment — Social Insurance and Housing Provident Fund." During the Track Record Period, we had not made social insurance and housing provident funds for some of our employees in full in accordance with the relevant PRC laws and Regulations. Such non-compliance was primarily caused by the acquisition of XySemi. Prior to its acquisition in December 2024, XySemi had not made full contributions to the social insurance fund and housing provident fund for the benefit of its employees, nor had it taken steps to rectify this issue. Following the acquisition, we took active measures to address the non-compliance.

Potential Legal Consequences and Latest Status

We estimate that the aggregate shortfall of social insurance and housing provident fund contributions in 2022, 2023 and 2024 and the six months ended June 30, 2025 amounted to approximately RMB3.2 million, RMB3.4 million, RMB3.2 million and RMB1.1 million, which accounted for less than 0.1% of our total revenue in each year/period during the Track Record Period and accounted for 0.2%, 2.1%, 0.3% and 0.2% of our total profits in the corresponding years/period, respectively. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of social insurance contributions as required, we may be ordered to pay the outstanding social insurance premiums within a prescribed time limit and may be subject to an overdue fine of 0.05% of the delayed payment per day from the date on which the payment is payable. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of the overdue payment. Pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

As of June 30, 2025, the potential late payments that we may face for underpayment of social insurance contributions and housing provident funds during the Track Record Period amounted to approximately RMB2.5 million. If we are required to pay the full amount of social insurance contributions and housing provident funds and such payment is not made within the stipulated period, we may be subject to administrative penalties. In such case, the maximum potential penalty for our underpayment of social insurance contributions and housing provident funds during the Track Record Period and failure to make payment after being ordered to pay within a prescribed time limit is approximately RMB18.6 million.

However, according to the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Effectively Implementing the Essence of the Executive Meeting of the State Council and the Measures on the Stable Collection of Social Insurance Contributions (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》(人社廳函[2018]246號)) which was promulgated on September 21, 2018, local governmental authorities are prohibited from centralized collecting of historical unpaid social insurance premiums without authorization.

During the Track Record Period and up to the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any order to settle the deficit amount. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy.

Moreover, under the equity acquisition agreement for the acquisition of XySemi, the former controlling persons of XySemi committed to bear any liabilities or expenses resulting from XySemi's failure to fully contribute to social insurance and housing provident funds prior to the completion of the acquisition, or to fully compensate us for such obligations.

Our PRC Legal Advisor is of the opinion that, taking into account of the applicable laws and regulations, recent policies regarding the recovery of social insurance arrears, and the interpretation the Supreme People's Court, government-issued credit reports for the Company and its principal PRC subsidiaries, conformation and undertakings from the Company and relevant parties etc., provided that there are no significant changes in the current policies, regulations and local government enforcement and supervision requirements related to social insurance and housing provident fund, and no major employee complaints, reports or related lawsuits/arbitrations are filed, we and our major subsidiaries in PRC face a remote risk of being subject to centralized collection of underpaid contributions or significant administrative penalties for above issues by the authorities overseeing social insurance and housing provident fund.

In consideration of the above, during the Track Record Period, no provision had been made to such non-compliance.

As of July 2025, we have rectified the non-compliance by making full contributions to the social insurance fund and housing provident fund for the relevant employees. If the relevant authorities order us to pay the historical shortfalls of contributions to social insurance and/or housing provident funds or take rectification measures in accordance with applicable laws and regulations, we will make such payments or take such rectification measures promptly within the specified period to avoid such penalties for overdue payment, and seek indemnity from the former controlling persons of XySemi for the shortfalls raised from the acquisition as mentioned above.

RISK MANAGEMENT AND INTERNAL CONTROL

Our future operating performance may be affected by risks relating to our business. Some of these risks are specific to us while others relate to economic conditions and are general to the industry in which we operate. See "Risk Factors" for a discussion of these risks.

Our Board and senior management are responsible for establishing and maintaining adequate risk management and internal control systems. Risk management is the process designed to identify potential events that may affect us and to keep risks within our risk appetite. Internal control is the process designed to provide reasonable assurance regarding the achievement of objectives related to the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with applicable laws and regulations.

Risk Management and Internal Control Policies

We have in place a robust risk management and internal control system. We have adopted and consistently improved our internal control mechanisms to ensure the compliance of our business operations with relevant laws and regulations and all our internal policies. Furthermore, we conduct periodic reviews of the implementation of our risk management policies and internal control measures to ensure their effectiveness and sufficiency.

Our Board is responsible for monitoring our internal control system, assessing its effectiveness, and maintaining suitable and effective risk tolerance levels. The objectives of our risk management system are to: (i) identify potential events that may impact us, ensuring relevant risks are kept within acceptable and appropriate levels relative to our objectives; (ii) facilitate accurate and reliable communication of information to both internal and external stakeholders; (iii) ensure compliance with our business operations; (iv) enhance the efficiency and effectiveness of our business activities, thereby reducing uncertainties in achieving operational goals; and (v) establish crisis management plans for significant risks to protect us from substantial losses due to catastrophic risks or human errors.

Our Audit Committee is responsible for reviewing the regulations and primary objectives related to risk management, submitting comprehensive risk management reports to the Board as needed, reviewing risk management strategies and solutions for significant risks, and addressing other matters related to comprehensive risk management as authorized by the

Board. Our internal audit department is tasked with overseeing the implementation of our risk management policies and systems. Other departments and business units are coordinated and supervised by the internal audit department in their risk management efforts.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, permits, approvals and certificates from the relevant government authorities that are material for our business operations. We continually monitor our compliance with these requirements in order to ensure that we have all such approvals, licenses and permits as are necessary to operate our business.

We had not experienced any material difficulties in renewing material licenses, permits or approvals during the Track Record Period and up to the Latest Practicable Date and do not expect there to be any material difficulties in renewing them upon their expiry.

The following table sets forth our key licenses, approval and permits. As of the Latest Practicable Date, the following licenses and permits are all valid.

Holder	Name of license, approval and permit
The Company, GigaDevice Hefei, Silead, GigaDevice Shanghai, XySemi and CreMemory Technology	Customs Declaration Entities of the People's Republic of China (中華人民共和國海關報關單位) and Consignee or Consignor of Imported or Exported Goods (進出口貨物收發貨人)

LEGAL PROCEEDINGS

We may from time to time become a party to various legal, arbitral or administrative proceedings arising in the ordinary course of our business. See "Risk Factors — We may from time to time become a party to litigation, arbitration, other legal and contractual disputes, claims and administrative proceedings." As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors that could have a material and adverse effect on our financial condition or results of operations.

During the Track Record Period and up to the Latest Practicable Date, there had been no material breaches or violations of laws or regulations applicable to us which are expected to have a material adverse effect on our business, financial condition or results of operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us 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. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements" and elsewhere in this prospectus.

For the purpose of this section, unless the context otherwise requires, reference to the years of 2022, 2023 and 2024 refer to the years ended December 31, 2022, 2023 and 2024, respectively.

OVERVIEW

We are an IC design house for a diverse range of chips. We provide customers with a diverse range of chips, including Flash, niche DRAM, MCU, analog chips and sensor chips, as well as a complete set of systems and solutions, including corresponding algorithms and software. We implement the fabless business model, focusing on IC design and R&D to maintain our technological advantages. According to Frost & Sullivan, in terms of sales in 2024, we are the only IC design house that ranks top 10 globally in all NOR Flash, SLC NAND Flash, niche DRAM and MCU.

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we recorded revenue of RMB8,130.0 million, RMB5,760.8 million, RMB7,356.0 million, RMB3,609.0 million and RMB4,150.3 million, respectively. During the same years/period, we recorded adjusted net profit (a non-IFRS measure) of RMB2,256.1 million, RMB258.3 million, RMB1,259.9 million, RMB581.8 million and RMB672.5 million, respectively, with adjusted net profit margin (a non-IFRS measure) of 27.7%, 4.5%, 17.1%, 16.1% and 16.2%, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of general factors influencing the overall global semiconductor industry. These factors include macro-economic trends, industry development and competitive landscape in the market.

In addition to these general factors, our results of operations are affected by the following specific factors:

Industry Cycle

As an IC design house, our business and financial performance are closely tied to the cyclical nature of the semiconductor industry. This inherent cycle typically comprises recurring phases of expansion, peak, downturn and recovery. The cycle is driven by a variety of factors, including macroeconomic conditions, capital expenditure trends, technology transitions, inventory adjustments, and adjustment in end-market demand and supply structure. In particular, according to Frost & Sullivan, the overall semiconductor industry were at a downturn phase from 2023, featured by inventory buildup, weakened consumer demand, and falling price across different products. Such downturn was primarily driven by destocking by downstream participants, following the inventory buildup in 2021 and 2022 caused by supply shortage then. The downstream destocking intensified the market competition and, in turn, resulted in a notable decrease in the selling prices of IC products in 2023. In 2024, the industry began to show signs of an uneven recovery across certain end markets, while the competition in those markets remain intense. The market prices of IC products were still lower than their peak in 2022. See "Industry Overview — Industry Cycle." The industry cycle has had, and will continue to have, a significant impact on the demand for and pricing of our various types of chips on offer.

Taking a more granular view, at any given time, different sectors within the semiconductor industry may be at different phases of the cycle, due to the intricate interactions of the various factors mentioned above in different sectors. Among the various factors, end-markets developments have had a more pronounced effect on the industry cycle and therefore our financial performance. For example, according to Frost & Sullivan, the market demand in consumer electronics were weakened since early 2022, while the demand in industrial applications (such as industrial automation, energy storage and battery management) and automobile remained relative strong until the end of 2022, which resulted in a strong sales of our Flash for automobile and industrial applications (such as industrial automation, energy storage and battery management) in 2022. This partially offset the decrease in sales of our Flash chips for consumer electronics end use. In 2024, following the inventory drawdown in 2022 and 2023, several end markets, such as consumer electronics and industrial applications (for example, industrial automation, energy storage and battery management), have experienced gradual recovery, which resulted in increase in our sales volume of our products for those end-markets.

Affected by such downturns and uneven recovery across different end markets during the Track Record Period, the selling prices of our products declined sharply from 2022 to 2023, followed by a slowdown in the downward trend and signs of stabilization in 2024.

We have a diverse product portfolio, including specialty memory chips, MCU, analog chips and sensor chips, which are incorporated in end products for a wide range of end markets, such as consumer electronics, automobiles, industry, PC and servers, IoT and network communications. We expect to continue to broaden our product portfolio to enhance our resilience against fluctuations and capture the growth opportunities presented by different end-markets, as cyclical softness in one end market may be partially offset by resilience or growth in others.

Development and Market Acceptance of End Products

Our products are designed for applications across a wide spectrum of end markets, including consumer electronics, automobiles, industry, PC and servers, IoT and network communications. The development and market acceptance of end products within these markets can have a significant and direct impact on our business and financial results. These markets are characterized by intense competition and are largely driven by the evolving needs and preferences of the end users.

The continuous innovation and evolution of end products often introduce new and more complex technical requirements for our semiconductor solutions. For example, the proliferation of edge AI applications necessitates advanced chip designs with high-performance and low energy consumption. To stay ahead in this dynamic environment, we must proactively develop and launch new or enhanced products that meet these emerging demands and maintain our competitive edge.

Moreover, our success remain subject to the commercial success of end products incorporating our products, which in turn depends on broader factors such as end-user preferences, pricing, brand reputation, and overall economic conditions affecting end users. Development of new products and end uses can generate significant growth opportunities for us. See "Industry Overview" for further details. Conversely, a decline in demand for certain end products could lead to reduced orders for our products.

Product Mix

We have a diversified product portfolio includes specialty memory chips, MCU, analog chips and sensor chips. Within each product category, we offer multiple series with different specifications to meet the specific performance and functional requirements of different application scenarios.

The selling prices and gross profit margin of different products category and series are different due to, among others, the differences in product complexity, R&D investment and costs. Our product mix may change in response to the market condition and technological changes in the end markets to which our products are adopted. Significant changes in product mix can directly affected our profitability due to varying gross profit margin attributable to different products and series, which in turn affects our results of operations.

Supply Chain Management

Supply chain management capabilities have a direct and significant impact on our business results of operations. As an IC design house adopting the fabless business model, we rely on third-party foundries for wafer fabrication and OSAT partners for testing and packaging. Building strong and long-term partnerships with key production partners is essential. These relationships can secure access to more stable capacity allocation, as well as foster close collaboration with our partners on the production end. In particular, capacity allocation, reservation and production scheduling are vital during periods of high industry demand. Accurate forecasting and communication of wafer demands can also help us avoid costly delays and supply bottlenecks.

Moreover, effective coordination with production partners allows us to optimize the production process, streamline backend operations, reduce cycle times and improve time-to-market, which is crucial for capturing market opportunities and staying ahead of competitors. Optimizing procurement lead times for critical materials and services, such as wafers, and packaging and testing services, minimizes inventory holding costs while ensuring continuous production flow.

Operational Efficiency

Our ability to manage and improve our operational efficiency can significantly affect our profitability and results of operations. Our operating expenses primarily consist of R&D expenses, administrative expenses and selling and distribution expenses.

R&D are critical to maintaining our market position and to the sustained growth of our business by ensuring that we can continue to meet the evolving downstream needs of our products. As a result of consistent investment in R&D activities, our R&D expenses increased from RMB935.6 million in 2022 to RMB990.0 million in 2023, and further increased to RMB1,122.4 million in 2024, which accounted for 11.5%, 17.2% and 15.3% of our total revenue during the same years. Our R&D investment have resulted in various technological achievements. See "Business — Our Strengths — Our Diverse Range of Chip Design and Strong R&D capabilities." As the semiconductor industry is subject to constant and rapid changes in technology, constant product and technology upgrade, frequent new product introductions and evolving technical standards, we expect to continue investing in R&D activities to maintain and enhance our competitive strength. However, there is no guarantee that our investment in R&D will eventually result in desirable outcome, or we are able to successfully commercialize our R&D results. If that happens, our results of operations would be adversely affected. See "Risk Factors — Risks Relating to Our Business and Industry — Our R&D efforts are not guaranteed to yield the results we anticipate."

The effectiveness of our selling and marketing activities and management are also crucial for our business. In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our selling and distribution expenses were RMB265.9 million, RMB270.5 million, RMB370.9 million, RMB170.5 million and RMB224.4 million, respectively, accounting for 3.3%, 4.7%, 5.0%, 4.7% and 5.4% of our total revenue in the corresponding years/periods. During the same years/periods, our administrative expenses were RMB498.5 million, RMB397.6 million, RMB525.7 million, RMB239.4 million and RMB313.7 million, respectively, accounting for 6.1%, 6.9%, 7.1%, 6.6% and 7.6% of our total revenue in the corresponding years/periods. We are committed to improve the effectiveness of our selling and marketing activities and our management.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing our historical financial information, we have adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period.

The measurement basis used in the preparation of the historical financial statement is the historical cost basis except for financial assets and liabilities measured at FVPL and equity securities designated at FVOCI are stated at their fair value.

See notes 1 and 2 to "Appendix I — Accountants' Report."

MATERIAL ACCOUNTING POLICIES AND ESTIMATES

Note 2 to "Appendix I — Accountants' Report" to this prospectus sets forth certain material accounting policy information, which are important for understanding our financial conditions and results of operations.

The preparation of the historical financial information in conformity with IFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. See note 3 to "Appendix I — Accountants' Report."

RESULTS OF OPERATIONS

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Revenue	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**
Cost of sales	(4,432,776)	(54.5)%	(4,014,515)	(69.7)%	(4,732,760)	(64.3)%	(2,308,838)	(64.0)%	(2,617,583)	(63.1)%
Gross profit	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**
Other income	519,300	6.4%	424,401	7.4%	549,914	7.5%	240,110	6.7%	199,744	4.8%
Selling and distribution expenses	(265,878)	(3.3)%	(270,498)	(4.7)%	(370,907)	(5.0)%	(170,496)	(4.7)%	(224,353)	(5.4)%
Administrative expenses	(498,549)	(6.1)%	(397,553)	(6.9)%	(525,678)	(7.1)%	(239,438)	(6.6)%	(313,747)	(7.6)%
Research and development expenses	(935,584)	(11.5)%	(989,953)	(17.2)%	(1,122,389)	(15.3)%	(588,268)	(16.3)%	(567,680)	(13.7)%
Impairment loss on trade and other receivables	(743)	(0.0)%	(820)	(0.0)%	(3,667)	(0.0)%	(2,133)	(0.1)%	(465)	(0.0)%
Impairment loss on property, plant and equipment	–	–	–	–	–	–	–	–	(3,810)	(0.1)%
Impairment loss on intangible assets	–	–	(2,630)	(0.0)%	–	–	–	–	(1,903)	(0.0)%
Impairment loss on goodwill	(241,491)	(3.0)%	(373,372)	(6.5)%	–	–	–	–	–	–
Profit from operations	**2,274,271**	**28.0%**	**135,883**	**2.4%**	**1,150,491**	**15.6%**	**539,974**	**15.0%**	**620,512**	**15.0%**
Finance costs	(7,889)	(0.1)%	(7,115)	(0.1)%	(19,253)	(0.3)%	(9,313)	(0.3)%	(14,087)	(0.3)%
Share of profits less losses of associates	(3,957)	(0.0)%	(4,020)	(0.1)%	(7,575)	(0.1)%	(2,784)	(0.1)%	(10,346)	(0.2)%
Profit before taxation	**2,262,425**	**27.8%**	**124,748**	**2.2%**	**1,123,663**	**15.3%**	**527,877**	**14.6%**	**596,079**	**14.4%**
Income tax	(209,543)	(2.6)%	36,393	0.6%	(22,782)	(0.3)%	(10,877)	(0.3)%	(8,244)	(0.2)%
Profit for the year/period	**2,052,882**	**25.3%**	**161,141**	**2.8%**	**1,100,881**	**15.0%**	**517,000**	**14.3%**	**587,835**	**14.2%**
Attributable to:										
Equity shareholders of the Company	2,052,882	25.3%	161,141	2.8%	1,102,543	15.0%	517,000	14.3%	575,476	13.9%
Non-controlling interests	–	–	–	–	(1,662)	(0.0)%	–	–	12,359	0.3%

NON-IFRS MEASURES

To supplement our consolidated financial statements that are presented in accordance with IFRS Accounting Standards, we also use non-IFRS measures, including adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure), as additional financial metrics, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating potential impact of certain items. We believe that these measures provide useful information to investors and others in understanding and evaluating our consolidated financial statements in the same manner as they help our management. However, our presentation of adjusted net profit (a non-IFRS measure) and adjusted net profit margin (a non-IFRS measure) may not be comparable to similar item measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our consolidated financial statements or financial condition as reported under IFRS Accounting Standards. We define adjusted net profit (a non-IFRS measure) as profit for the year adjusted for share-based payments (a non-cash item) and listing expenses. We define adjusted net profit margin (a non-IFRS measure) as adjusted net profit (a non-IFRS measure) as a percentage of our total revenue.

	For the years ended December 31,			For the six months ended June 30,	
	2022	2023	2024	2024	2025
	(in RMB thousands, except for percentages)			*(Unaudited)*	
Profit for the year/period	2,052,882	161,141	1,100,881	517,000	587,835
Adjusted for:					
Share-based payment expenses	203,181	97,138	159,034	64,754	84,060
Listing expenses	–	–	–	–	563
Adjusted net profit (a non-IFRS measure)	**2,256,063**	**258,279**	**1,259,915**	**581,754**	**672,458**
Adjusted net profit margin (a non-IFRS measure)	27.7%	4.5%	17.1%	16.1%	16.2%

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily generated revenue from the sales of specialty memory chips, MCU, analog chips and sensor chips. Our revenue was recorded net of rebate.

By Product

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Specialty memory chips	4,825,856	59.3%	4,077,311	70.8%	5,194,173	70.6%	2,604,520	72.2%	2,844,934	68.5%
NOR Flash	3,539,704	43.5%	2,995,404	52.0%	3,754,233	51.0%	1,833,014	50.8%	2,034,156	48.9%
DRAM(1)	998,790	12.3%	809,973	14.1%	1,073,145	14.6%	559,532	15.5%	637,197	15.4%
NAND Flash	287,362	3.5%	271,934	4.7%	366,795	5.0%	211,974	5.9%	173,581	4.2%
MCU	2,825,357	34.8%	1,312,209	22.8%	1,690,547	23.0%	802,115	22.2%	959,106	23.1%
Sensor chips	434,974	5.4%	352,449	6.1%	448,300	6.1%	192,173	5.3%	193,193	4.7%
Analog chips	3,851	0.0%	4,604	0.1%	15,468	0.2%	3,098	0.1%	152,276	3.7%
Others(1)	39,954	0.5%	14,250	0.2%	7,490	0.1%	7,131	0.2%	800	0.0%
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

Notes:

(1) Including the revenue from sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

(2) Mainly including technical services and license fees for our IPs.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Sales volume	Average Selling Price(1)	Sales volume	Average Selling Price(1)	Sales volume	Average Selling Price(1)	Sales volume	Average Selling Price(1)	Sales volume	Average Selling Price(1)
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*	*(Unit'000)*	*(RMB)*
Specialty memory chips	2,259,645	2.14	2,655,166	1.54	3,553,167	1.46	1,782,319	1.46	2,147,891	1.32
NOR Flash	2,180,800	1.62	2,532,962	1.18	3,335,830	1.13	1,660,268	1.10	2,034,441	1.00
DRAM(2)	44,987	22.20	66,527	12.18	133,453	8.04	69,429	8.06	73,210	8.70
NAND Flash	33,858	8.49	55,677	4.88	83,884	4.37	52,622	4.03	40,240	4.31
MCU	343,535	8.22	276,089	4.75	409,251	4.13	190,535	4.21	242,546	3.95
Sensor chips	157,130	2.77	178,811	1.97	267,983	1.67	107,633	1.79	119,979	1.61
Analog chips	2,796	1.38	11,625	0.40	131,183	0.12	34,784	0.09	958,420	0.16

Notes:

(1) Average selling price is calculated through dividing revenue by the relevant sales volume during the same years/periods, which represented the average price at which our products were sold to our customers.

(2) Also comprise the sales of DRAM designed and manufactured by CXMT Group in 2022 and the first half of 2023.

The business and financial performance of participants in IC markets are closely tied to the cyclical nature of the semiconductor industry. In particular, from 2021 to 2022, the IC industry experienced a global shortage mainly caused by soaring demand from remote work and online learning, supply disruptions and slow expansion of production capacity by major manufacturers. Such supply shortage drove downstream companies to increase their inventory levels in anticipation of the ongoing supply shortages and constraint, which in turn drove the continuous increase in selling prices of the IC products in the market which reached their peak in recent years during that period. Such accumulation of inventories by downstream companies also resulted in an inventory buildup throughout the supply chain, leading to elevated inventory levels by the end of 2022. Following such inventory buildup in 2022, the overall semiconductor industry entered into a downturn phase, featured by weakened demand and falling price across different products, primarily driven by destocking of downstream participants from 2023. Following the continuous destocking and the alleviation of the impact from COVID-19 in 2024, the industry began to show signs of an uneven recovery cross certain end markets, while the competition in those markets remain intense primarily due to the recovery and release of production capacity of the upstream manufacturers.

As such, the market prices of IC products were still lower than their peak in 2022. See "Industry Overview — Industry Cycle." Affected by such downturns and uneven recovery across different end markets during the Track Record Period, the sales volume of our different products experienced fluctuation during the same period, and the selling prices of our products declined sharply from 2022 to 2023, followed by a slowdown in the downward trend and signs of stabilization in 2024. As a result, our revenue decreased from RMB8,130.0 million in 2022 to RMB5,760.8 million in 2023, which increased to RMB7,356.0 million in 2024. Our revenue increased from RMB3,609.0 million in the six months ended June 30, 2024 to RMB4,150.3 million in the six months ended June 30, 2025, primarily due to the further recovery of the markets and an increase in our sales of analog chips as a result of our acquisition of XySemi by the end of 2024.

By Sales Channel

During the Track Record Period, we established a sales network comprising (i) distributor sales, and (ii) direct sales.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Distributor sales	7,265,341	89.4%	5,214,706	90.5%	6,553,179	89.1%	3,167,689	87.8%	3,751,679	90.4%
Direct sales	864,651	10.6%	546,117	9.5%	802,799	10.9%	441,348	12.2%	398,630	9.6%
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

By Geographical Location

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Chinese Mainland(1)	**1,663,528**	**20.5%**	**1,331,795**	**23.1%**	**1,923,578**	**26.1%**	**912,620**	**25.3%**	**1,265,554**	**30.6%**
Other regions or countries(1)										
Hong Kong	4,343,530	53.4%	2,915,429	50.6%	3,374,412	45.9%	1,690,814	46.8%	1,852,330	44.6%
Taiwan	971,430	11.9%	892,786	15.5%	1,177,028	16.0%	555,400	15.4%	616,093	14.8%
Others(2)	1,151,504	14.2%	620,813	10.8%	880,960	12.0%	450,203	12.5%	416,332	10.0%
Sub-total	**6,466,464**	**79.5%**	**4,429,028**	**76.9%**	**5,432,400**	**73.9%**	**2,696,417**	**74.7%**	**2,884,755**	**69.4%**
Total	**8,129,992**	**100.0%**	**5,760,823**	**100.0%**	**7,355,978**	**100.0%**	**3,609,037**	**100.0%**	**4,150,309**	**100.0%**

Notes:

(1) Geographical location is solely based on the places of registration of our customers.

(2) Comprise 23 countries/regions in total during the Track Record Period, mainly including Japan, South Korea and Singapore.

According to Frost & Sullivan, in the semiconductor industry, customers typically prefer to order electronic components through their Hong Kong subsidiaries due to supply chain management considerations, for example, streamlined customs clearance, tax and payment flexibility, efficient inventory consolidation and logistics and compliant export controls.

Cost of Sales

Our cost of sales primarily consists of (i) cost of wafers, (ii) cost of packaging and testing, (iii) others, mainly include the depreciation of property, plant and equipment, such as masks, and amortization of intangible assets, such as licensed IPs and logistics expenses, and (iv) the write-down of inventories.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Cost of wafers	3,281,654	74.0%	2,872,854	71.5%	3,262,675	69.0%	1,615,473	70.0%	1,851,752	70.8%
Cost of packaging and testing	853,427	19.3%	765,521	19.1%	1,107,100	23.4%	535,814	23.2%	655,249	25.0%
Others	120,275	2.7%	139,433	3.5%	190,850	4.0%	80,684	3.5%	98,975	3.8%
Subtotal	**4,255,356**	**96.0%**	**3,777,808**	**94.1%**	**4,560,625**	**96.4%**	**2,231,971**	**96.7%**	**2,605,976**	**99.6%**
Write-down of inventories	177,420	4.0%	236,707	5.9%	172,135	3.6%	76,867	3.3%	11,607	0.4%
Total	**4,432,776**	**100.0%**	**4,014,515**	**100.0%**	**4,732,760**	**100.0%**	**2,308,838**	**100.0%**	**2,617,583**	**100.0%**

According to Frost & Sullivan, the cost of wafers is more directly influenced by market price fluctuations within the industry cycle, whereas the cost of testing and packaging tends to be less affected by such changes. Affected by the downturns caused by the oversupply from 2023 and uneven recovery across different end markets during the Track Record Period, the unit wafer costs decreased from 2022 to 2023, followed by a slowdown in the downward trend in 2024. However, the unit packaging and testing costs remained relatively stable during the same years. As a result, cost of wafers as a percentage of our total cost of sales decreased throughout the Track Record Period.

During the Track Record Period, we recorded write-down of inventories due to the lower estimated realizable value of our inventories than their costs, as a result of the continuous decrease in market price of our products as affected by the downturn caused by the oversupply since 2023. Due to the continuous decrease in selling prices of our products, we recorded write-down of inventories of RMB177.4 million, RMB236.7 million, RMB172.1 million in 2022, 2023 and 2024, respectively. Due to the gradual stabilization of the selling price since 2024, the write-down of inventories decreased by 84.9% from RMB76.9 million in the six months ended June 30, 2024 to RMB11.6 million in the six months ended June 30, 2025.

Gross Profit and Gross Profit Margin

By Product

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Specialty memory chips	1,934,749	40.1%	1,344,959	33.0%	2,091,500	40.3%	1,022,009	39.2%	1,095,377	38.5%
MCU	1,833,903	64.9%	569,404	43.4%	621,085	36.7%	309,217	38.6%	357,879	37.3%
Sensor chips	71,168	16.4%	56,382	16.0%	73,797	16.5%	38,340	20.0%	30,941	16.0%
Analog chips	959	24.9%	(1,923)	(41.8%)	1,628	10.5%	465	15.0%	59,361	39.0%
Others	33,857	84.7%	14,193	99.6%	7,343	98.0%	7,035	98.7%	775	96.9%
Subtotal/Overall	3,874,636	47.7%	1,983,015	34.4%	2,795,353	38.0%	1,377,066	38.2%	1,544,333	37.2%
Write-down of inventories	(177,420)	N/A	(236,707)	N/A	(172,135)	N/A	(76,867)	N/A	(11,607)	N/A
Total/Overall	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**

By Sales Channel

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Distributor sales	3,464,213	47.7%	1,783,113	34.2%	2,457,350	37.5%	1,201,992	37.9%	1,383,278	36.9%
Direct sales	410,423	47.5%	199,902	36.6%	338,003	42.1%	175,074	39.7%	161,055	40.4%
Subtotal/Overall	**3,874,636**	**47.7%**	**1,983,015**	**34.4%**	**2,795,353**	**38.0%**	**1,377,066**	**38.2%**	**1,544,333**	**37.2%**
Write-down of inventories	(177,420)	N/A	(236,707)	N/A	(172,135)	N/A	(76,867)	N/A	(11,607)	N/A
Total/Overall	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**

In 2023 and 2024, the gross profit margin from our direct sales was higher than distributor sales, primarily because the majority of prices to direct customer were generally higher than the prices to the distributors which were typically on wholesale basis. However, in 2022, the gross profit margin of our direct sales and distributor sales were similar primarily due to the affect from product mix.

By Geographical Location

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Chinese Mainland[(1)]	**671,001**	**40.3%**	**381,352**	**28.6%**	**575,384**	**29.9%**	**275,981**	**30.2%**	**359,691**	**28.4%**
Other regions or countries[(1)]										
Hong Kong	2,043,277	47.0%	844,100	29.0%	1,109,122	32.9%	572,319	33.8%	624,985	33.7%
Taiwan	491,883	50.6%	393,804	44.1%	566,648	48.1%	257,719	46.4%	306,865	49.8%
Others[(2)]	668,475	58.1%	363,759	58.6%	544,199	61.8%	271,047	60.2%	252,792	60.7%
Sub-total	**3,203,635**	**49.5%**	**1,601,663**	**36.2%**	**2,219,969**	**40.9%**	**1,101,085**	**40.8%**	**1,184,642**	**41.1%**
Write-down of inventories	(177,420)	N/A	(236,707)	N/A	(172,135)	N/A	(76,867)	N/A	(11,607)	N/A
Total	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**

Notes:

(1) Geographical location is solely based on the places of registration of our customers.

(2) Comprise 23 countries/regions in total during the Track Record Period, mainly including Japan, South Korea and Singapore.

During the Track Record Period, the gross profit margin from sales to other countries or regions was generally higher than that in Chinese Mainland, primarily due to a different product mix in those regions, which typically have a higher proportion of products, such as Nor Flash, with a higher gross profit margin.

Other Income

Our other income primarily include (i) interest income mainly generated from our deposits with banks, (ii) foreign exchange differences from the conversion of monetary items denominated in foreign currencies into the functional currency, (iii) government grants, and

(iv) net gains from financial assets and liabilities measured at FVPL mainly from our wealth management products. There are no unfulfilled conditions or contingencies relating to the government grants. See note 5 to "Appendix I — Accountants' Report."

In 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, our other income amounted to RMB519.3 million, RMB424.4 million, RMB549.9 million, RMB240.1 million and RMB199.7 million, representing 6.4%, 7.4%, 7.5%, 6.7% and 4.8% of our total revenue for the respective years/periods.

Selling and Distribution Expenses

Our selling and distribution expenses primarily include (i) salaries, compensations and benefits for personnel engaging in the sales and marketing function, (ii) professional service fees for commission in relation to the promotional activities of our products, (iii) marketing expenses in relation to advertising and promotion expenses, (iv) traveling expenses, and (v) others, mainly include depreciation and amortization and business development expenses.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Salaries, compensations and benefits	189,598	71.3%	174,933	64.7%	266,018	71.8%	127,323	74.7%	164,606	73.4%
Professional service fees	46,430	17.5%	53,082	19.6%	56,587	15.3%	24,116	14.1%	30,857	13.8%
Marketing expenses	10,886	4.1%	14,204	5.3%	13,888	3.7%	5,537	3.2%	7,661	3.4%
Traveling expenses	4,615	1.7%	13,605	5.0%	15,747	4.2%	6,359	3.7%	9,353	4.2%
Others	14,349	5.4%	14,674	5.4%	18,667	5.0%	7,161	4.3%	11,876	5.2%
Total	**265,878**	**100.0%**	**270,498**	**100.0%**	**370,907**	**100.0%**	**170,496**	**100.0%**	**224,353**	**100.0%**
as % of total revenue		*3.3%*		*4.7%*		*5.0%*		*4.7%*		*5.4%*

Administrative Expenses

Our administrative expenses primarily include (i) salaries, compensations and benefits for personnel engaging in administrative function, (ii) depreciation and amortization for properties and equipment related to administrative function, (iii) service fees mainly for professional services and IT services, (iv) taxes and additional charges, (v) office expenses, (vi) logistics expenses, and (vi) others, mainly include lease expenses, recruitment expenses and utility expenses.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Salaries, compensations and benefits	271,566	54.5%	194,499	48.9%	307,791	58.6%	143,674	60.0%	191,565	61.1%
Depreciation and amortization	45,119	9.1%	64,636	16.3%	60,049	11.4%	31,393	13.1%	41,408	13.2%
Service fees	52,189	10.5%	55,745	14.0%	50,680	9.6%	18,820	7.9%	19,375	6.2%
Taxes and additional charges	71,660	14.4%	25,198	6.3%	31,247	5.9%	14,074	5.9%	20,287	6.5%
Office expenses	11,014	2.2%	17,855	4.5%	19,569	3.7%	8,982	3.8%	10,541	3.4%
Logistics expenses	8,338	1.7%	9,192	2.3%	10,925	2.1%	4,899	2.0%	6,748	2.2%
Others	38,663	7.6%	30,428	7.7%	45,417	8.7%	17,596	7.3%	23,823	7.4%
Total	**498,549**	**100.0%**	**397,553**	**100.0%**	**525,678**	**100.0%**	**239,438**	**100.0%**	**313,747**	**100.0%**
as % of total revenue		*6.1%*		*6.9%*		*7.1%*		*6.6%*		*7.6%*

Research and Development Expenses

Our research and development expenses primarily include (i) salaries, compensations and benefits for personnel engaging in R&D function, (ii) depreciation and amortization for properties and equipment related to research and development function, (iii) service fees for professional services associated with R&D activities, and (iv) others, mainly include material expenses, testing expenses, lease expenses and traveling expenses.

	Year Ended December 31,						Six Months Ended June 30,			
	2022		2023		2024		2024		2025	
	(in RMB thousands, except for percentages)									
							(Unaudited)			
Salaries, compensations and benefits	609,480	65.1%	580,966	58.7%	742,591	66.2%	410,688	69.8%	418,616	73.7%
Depreciation and amortization	218,495	23.4%	287,943	29.1%	265,448	23.7%	134,382	22.8%	112,939	19.9%
Service fees	56,727	6.1%	43,310	4.4%	60,280	5.4%	19,723	3.4%	15,716	2.8%
Others	50,882	5.4%	77,734	7.8%	54,070	4.7%	23,475	4.0%	20,409	3.6%
Total	**935,584**	**100.0%**	**989,953**	**100.0%**	**1,122,389**	**100.0%**	**588,268**	**100.0%**	**567,680**	**100.0%**
as % of total revenue		*11.5%*		*17.2%*		*15.3%*		*16.3%*		*13.7%*

Impairment Loss on Goodwill

We recorded an impairment loss on goodwill of RMB241.5 million in 2022 and RMB373.4 million in 2023, because Silead would not meet the original expected business results attributable to the delay in the commercial production of certain customers' products based on assessments. See "— Selected Items of Consolidated Statements of Financial Position — Goodwill."

Income Tax

Our income tax expenses comprise current tax and deferred tax. See note 7 to "Appendix I — Accountants' Report."

We are subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which the members of us are domiciled and operate. Entities of the Group established in the Chinese Mainland were subject to the PRC corporate income tax rate of 25% during the Track Record Period. The provision for Hong Kong Profits Tax for the Track Record Period was calculated at 16.5% of the estimated assessable profits for the year. During the Track Record Period, a subsidiary of the Group incorporated in Hong Kong was under the two-tiered profits tax rate regime, i.e. the first Hong Kong Dollars ("HK$") 2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%. For tax rates in other jurisdictions in which we operate, please see note 7 to "Appendix I — Accountants' Report."

We are subject to certain preferential tax rates. We and certain subsidiaries are regarded as key enterprises in the industry. According to the announcement on preferential corporate income tax policies for key enterprises, we and these subsidiaries were subject to a preferential tax rate of 10% during the Track Record Period. We and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 120% of the qualified research and development costs incurred for each of the years during the Track Record Period. Certain subsidiaries of us obtained the certificates of "High and New Technology Enterprise" ("HNTE") from the tax authorities and were subject to a preferential tax rate of 15% during the Track Record Period. These subsidiaries were also entitled to an additional tax deductible allowance amounting to 75% or 100% of the qualified research and development costs incurred for each of the years during the Track Record Period. See note 7 to "Appendix I — Accountants' Report."

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2025 Compared to Six Months Ended June 30, 2024

Revenue

	Six Months Ended June 30,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Specialty memory chips	2,604,520	2,844,934	9.2%
MCU	802,115	959,106	19.6%
Sensor chips	192,173	193,193	0.5%
Analog chips	3,098	152,276	4,815.3%
Others	7,131	800	(88.8)%
Total	**3,609,037**	**4,150,309**	**15.0%**

Sales Volume and Average Selling Prices

	Six Months Ended June 30,			
	2024		2025	
	Sales volume	Average selling price	Sales volume	Average selling price
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*
Specialty memory chips	1,782,319	1.46	2,147,891	1.32
MCU	190,535	4.21	242,546	3.95
Sensor chips	107,633	1.79	119,979	1.61
Analog chips	34,784	0.09	958,420	0.16

Our revenue increased by 15.0% from RMB3,609.0 million for the six months ended June 30, 2024 to RMB4,150.3 million for the six months ended June 30, 2025, primarily due to (i) a 9.2% increase in revenue from sales of specialty memory chips, (ii) a 19.6% increase in revenue from sales of MCU, and (iii) a significant increase in revenue from sales of analog chips.

Specialty memory chips

Our revenue from specialty memory chips increased by 9.2% from RMB2,604.5 million in the six months ended June 30, 2024 to RMB2,844.9 million in the six months ended June 30, 2025, primarily due to a 20.5% increase in sales volume from 1,782.3 million units in the six months ended June 30, 2024 to 2,147.9 million units in the six months ended June 30, 2025, primarily due to (i) the gradual recovery of demands due to the further recovery of demands for our NOR Flash in various downstream markets, especially the consumer electronics as incentivized by the nation subsidies to the consumers, (ii) the continuous increase in storage capacity required for NOR Flash for consumer electronics and AI-driven devices, and (iii) the supply shortage in the niche DRAM market, driven by the accelerated inventory drawdown of several leading industry players, resulting in increases in both the sales volume and selling prices of our niche DRAM. Such increase was partially offset by a decrease in average selling prices from RMB1.46 per unit in the six months ended June 30, 2024 to RMB1.32 per unit in the six months ended June 30, 2025, primarily because we raised the selling prices of our NOR Flash products in the second quarter of 2024 in response to increasing market demand, but subsequently offered more competitive pricing by the end of 2024 to further expand our market share, a strategy that continued throughout the six months ended June 30, 2025.

MCU

Our revenue from MCU increased by 19.6% from RMB802.1 million in the six months ended June 30, 2024 to RMB959.1 million in the six months ended June 30, 2025, primarily due to a 27.3% increase in sales volume from 190.5 million units in the six months ended June 30, 2024 to 242.5 million units in the six months ended June 30, 2025, primarily due to (i) the further recovery of demand in various downstream markets mainly including network communications and automobiles, as well as consumer electronics as incentivized by the nation subsidies to consumers, and (ii) the launch of new products mainly for industrial applications (such as industrial automation, energy storage and battery management) and consumer electronics that further drove the sales of our MCU. Such increase was partially offset by a 6.2% decrease in average selling prices from RMB4.21 per unit in the six months ended June 30, 2024 to RMB3.95 per unit in the six months ended June 30, 2025 primarily due to the more competitive prices we offered to further expand our market share amid intensified market competition.

Sensor chips

Our revenue from sensor chips remained relative stable at RMB192.2 million and RMB193.2 million in the six months ended June 30, 2024 and 2025, respectively.

Analog chips

Our revenue from analog chips increased significantly from RMB3.1 million in the six months ended June 30, 2024 to RMB152.3 million in the six months ended June 30, 2025, primarily due to (i) the increase in sales volume of our existing analog chips as well as the analog chips of XySemi that was acquired by us by the end of 2024, the total sales volume of which increased significantly from 34.8 million units in the six months ended June 30, 2024 to 958.4 million units in the six months ended June 30, 2025, and (ii) an increase in average selling price from RMB0.09 per unit in the six months ended June 30, 2024 to RMB0.16 per unit in the six months ended June 30, 2025, primarily due to a shift in product mix following the acquisition of XySemi. The new portfolio included analog chips designed by XySemi used in lithium-ion battery protection with higher average selling prices.

Others

Our revenue from others decreased by 88.8% from RMB7.1 million in the six months ended June 30, 2024 to RMB0.8 million in the six months ended June 30, 2025 primarily due to less revenue from providing technical services during the same period in 2025, as part of such revenue had not yet been recognized, which was dependent on the progress of service delivery.

Cost of Sales

	Six Months Ended June 30,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Cost of wafers	1,615,473	1,851,752	14.6%
Cost of packaging and testing	535,814	655,249	22.3%
Others	80,684	98,975	22.7%
Subtotal	2,231,971	2,605,976	16.8%
Write-down of inventories	76,867	11,607	(84.9)%
Total	**2,308,838**	**2,617,583**	**13.4%**

Our cost of sales increased by 13.4% from RMB2,308.8 million for the six months ended June 30, 2024 to RMB2,617.6 million for the six months ended June 30, 2025, primarily due to a 14.6% increase in cost of wafers and a 22.3% increase in cost of packaging and testing, primarily due to the increase in sales volume of our products. Our write-down of inventories decrease by 84.9% from RMB76.9 million in the six months ended June 30, 2024 to RMB11.6 million in the six months ended June 30, 2025, primarily due to the gradual stabilization of the prices of our products.

Gross Profit and Gross Profit Margin

	Six Months Ended June 30,			
	2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
	(Unaudited)			
Specialty memory chips	1,022,009	39.2%	1,095,377	38.5%
MCU	309,217	38.6%	357,879	37.3%
Sensor chips	38,340	20.0%	30,941	16.0%
Analog chips	465	15.0%	59,361	39.0%
Others	7,035	98.7%	775	96.9%
Subtotal	**1,377,066**	**38.2%**	**1,544,333**	**37.2%**
Write-down of inventories	(76,867)		(11,607)	
Total/Overall	**1,300,199**	**36.0%**	**1,532,726**	**36.9%**

Our gross profit increased by 17.9% from RMB1,300.2 million for the six months ended June 30, 2024 to RMB1,532.7 million for the six months ended June 30, 2025, primarily due to a 15.0% increase in our total revenue and an increase in gross profit margin from 36.0% in the six months ended June 30, 2024 to 36.9% in the six months ended June 30, 2025.

As a result of global supply shortages in 2021 and 2022, prices of IC products generally reached their peak in recent years during that period. Although certain end markets began to exhibit early signs of uneven recovery starting in 2024, overall market conditions have remained challenging. See "Industry Overview — Overview of Global Semiconductor Industry — Industry Cycle." Throughout 2024, the average selling prices of our products continued to decline, although at a slower rate compared to the decline observed from 2022 to 2023. As a result, while our overall gross profit margin continued to improve on a year-over-year basis in 2024 and during the six months ended June 30, 2025, it was still lower than the peak in 2022.

Specialty memory chips

Our gross profits from specialty memory chips increased by 7.2% from RMB1,022.0 million for the six months ended June 30, 2024 to RMB1,095.4 million for the six months ended June 30, 2025, primarily due to a 9.2% increase in revenue from sales of specialty memory chips during the same periods. The gross profit margin of our specialty memory chips remained relatively stable at 39.2% and 38.5% in the six months ended June 30, 2024 and 2025, respectively.

MCU

Our gross profits from MCU increased by 15.7% from RMB309.2 million for the six months ended June 30, 2024 to RMB357.9 million for the six months ended June 30, 2025, primarily due to a 19.6% increase in revenue from sales of MCU during the same periods. The gross profit from our MCU remained relatively stable at 38.6% and 37.3% in the six months ended June 30, 2024 and 2025, respectively.

Sensor chips

Our gross profit from sensor chips decreased by 19.3% from RMB38.3 million for the six months ended June 30, 2024 to RMB30.9 million for the six months ended June 30, 2025, primarily due to the gross profit margin of our sensor chips decreased from 20.0% in the six months ended June 30, 2024 to 16.0% in the six months ended June 30, 2025. Such decrease in gross profit margin was primarily due to the decrease in selling price as a result of the intense competition.

Analog chips

Our gross profit from analog chips increased significantly from RMB0.5 million for the six months ended June 30, 2024 to RMB59.4 million for the six months ended June 30, 2025, primarily due to (i) a significant increase in revenue from sales of analog chips during the same periods, and (ii) an increase in gross profit margin from 15.0% in the six months ended June 30, 2024 to 39.0% in the six months ended June 30, 2025. Such increase in gross profit margin was primarily due to a shift in product mix following the acquisition of XySemi. The new portfolio included analog chips designed by XySemi used in lithium-ion battery protection with higher average selling prices.

Others

The gross profit from others decreased by 89.0% from RMB7.0 million for the six months ended June 30, 2024 to RMB0.8 million for the six months ended June 30, 2025, primarily due to a 88.8% decrease in revenue from others. The gross profit margin from others remained relative stable at 98.7% for the six months ended June 30, 2024 and 96.9% for the six months ended June 30, 2025.

Other Income

Other income decreased by 16.8% from RMB240.1 million for the six months ended June 30, 2024 to RMB199.7 million for the six months ended June 30, 2025, primarily due to (i) a decrease in net gain from financial assets and liabilities measured at FVPL of RMB10.5 million primarily attributable to the decrease in wealth management products held by us, and (ii) a decrease in net gain on foreign exchange differences of RMB34.5 million as a result of the fluctuation in exchange rates from USD to RMB.

Selling and Distribution Expenses

	Six Months Ended June 30,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Selling and distribution expenses	170,496	224,353	31.6%
as % of total revenue	*4.7%*	*5.4%*	

Our selling and distribution expenses increased by 31.6% from RMB170.5 million for the six months ended June 30, 2024 to RMB224.4 million for the six months ended June 30, 2025, primarily due to (i) an increase in salaries, compensations and benefits of RMB37.3 million primarily attributable to an increase in number and averages salaries of our selling and distribution personnel, and (ii) an increase in professional service fees of RMB6.7 million. As such, as a percentage of our total revenue, our selling and distribution expenses increased from 4.7% for the six months ended June 30, 2024 to 5.4% for the six months ended June 30, 2025.

Administrative Expenses

	Six Months Ended June 30,		
	2024	**2025**	**% Change**
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Administrative expenses	239,438	313,747	31.0%
as % of total revenue	*6.6%*	*7.6%*	

Our administrative expenses increased by 31.0% from RMB239.4 million for the six months ended June 30, 2024 to RMB313.7 million for the six months ended June 30, 2025, primarily due to (i) an increase in salaries, compensations and benefits of RMB47.9 million primarily attributable to an increase in number and average salaries of our administrative personnel, and (ii) an increase in depreciation and amortization of RMB10.0 million primarily attributable to our continuous investment in property, plant and equipment and software for management purposes. As such, as a percentage of our total revenue, our administrative expenses increased from 6.6% for the six months ended June 30, 2024 to 7.6% for the six months ended June 30, 2025.

Research and Development Expenses

	Six Months Ended June 30,		
	2024	2025	% Change
	(in RMB thousands, except for percentages)		
	(Unaudited)		
Research and development expenses	588,268	567,680	(3.5)%
as % of total revenue	*16.3%*	*13.7%*	

Our research and development expenses decreased by 3.5% from RMB588.3 million for the six months ended June 30, 2024 to RMB567.7 million for the six months ended June 30, 2025, primarily due to a decrease in depreciation and amortization of RMB21.4 million. Due to afore-mentioned reason as well as the economics of scale in line with our business growth, as a percentage of our total revenue, our research and development expenses decreased from 16.3% for the six months ended June 30, 2024 to 13.7% for the six months ended June 30, 2025.

Income Tax

Our income tax expenses decreased by 24.2% from RMB10.9 million for the six months ended June 30, 2024 to RMB8.2 million for the six months ended June 30, 2025, primarily due to an increase in allowable tax deductions resulted from the losses of subsidiaries.

Profit for the Period

As a result of the foregoing, our profit for the period increased from RMB517.0 million for the six months ended June 30, 2024 to RMB587.8 million for the six months ended June 30, 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Specialty memory chips	4,077,311	5,194,173	27.4%
MCU	1,312,209	1,690,547	28.8%
Sensor chips	352,449	448,300	27.2%
Analog chips	4,604	15,468	236.0%
Others	14,250	7,490	(47.4)%
Total	**5,760,823**	**7,355,978**	**27.7%**

Sales Volume and Average Selling Prices

	Year Ended December 31,			
	2023		2024	
	Sales volume	Average selling price	Sales volume	Average selling price
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*
Specialty memory chips	2,655,166	1.54	3,553,167	1.46
MCU	276,089	4.75	409,251	4.13
Sensor chips	178,811	1.97	267,983	1.67
Analog chips	11,625	0.40	131,183	0.12

Our revenue increased by 27.7% from RMB5,760.8 million in 2023 to RMB7,356.0 million in 2024, primarily due to (i) a 27.4% increase in revenue from sales of specialty memory chips, and (ii) a 28.8% increase in revenue from sales of MCU.

In particular, we experienced an across-the-board increase in sales volume for all our product categories, primarily due to (i) the gradual recovery of demands due to development in various downstream markets such as consumer electronics and network application (for Flash, niche DRAM, MCU, analog chips and sensor chips), automobiles (for Flash and MCU) and industrial applications (for MCU), and (ii) our customers' recognition of our products due to its quality and competitiveness.

On the other hand, intense competition generally resulted in lower average selling prices of our products. From 2023, the overall semiconductor industry was at a downturn phase, featured by weakened consumer demand and falling price across different products. Such downturn was primarily driven by destocking by downstream participants, following the inventory buildup in 2021 and 2022 caused by supply shortage then. In particular, several leading industry players of DRAM started to drawdown their inventory of certain types of their niche DRAM that reached their ends of product lives, which resulted in a decrease in the market prices of niche DRAM in the second half of 2024. A change of our analog chip product mix also negatively affected the average selling prices of our analog chips. However, the gradual recovery of market demand resulted in a slower rate of overall average selling prices decrease in 2024 as compared in 2023.

Our revenue from others decreased from RMB14.3 million in 2023 to RMB7.5 million in 2024, primarily due to the decrease in technical services demanded by our customers.

Cost of Sales

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Cost of wafers	2,872,854	3,262,675	13.6%
Cost of packaging and testing	765,521	1,107,100	44.6%
Others	139,433	190,850	36.9%
Subtotal	3,777,808	4,560,625	20.7%
Write-down of inventories	236,707	172,135	(27.3)%
Total	**4,014,515**	**4,732,760**	**17.9%**

Our cost of sales increased by 17.9% from RMB4,014.5 million in 2023 to RMB4,732.8 million in 2024, primarily due to the increase in our sales volume from 2023 to 2024. The 27.3% decrease in write-down of inventories from 2023 to 2024 reflected the stabilization of the prices of our products.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2023		2024	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Specialty memory chips	1,344,959	33.0%	2,091,500	40.3%
MCU	569,404	43.4%	621,085	36.7%
Sensor chips	56,382	16.0%	73,797	16.5%
Analog chips	(1,923)	(41.8)%	1,628	10.5%
Others	14,193	99.6%	7,343	98.0%
Subtotal	**1,983,015**	**34.4%**	**2,795,353**	**38.0%**
Write-down of inventories	(236,707)		(172,135)	
Total/Overall	**1,746,308**	**30.3%**	**2,623,218**	**35.7%**

Our gross profit increased by 50.2% from RMB1,746.3 million in 2023 to RMB2,623.2 million in 2024, primarily due to a 27.7% increase in our total revenue and an increase in gross profit margin from 30.3% in 2023 to 35.7% in 2024.

Specialty memory chips

Our gross profits from specialty memory chips increased by 55.5% from RMB1,345.0 million in 2023 to RMB2,091.5 million in 2024, primarily due to (i) a 27.4% increase in revenue from sales of specialty memory chips from 2023 to 2024, and (ii) an increase in gross profit margin from 33.0% in 2023 to 40.3% in 2024. The increase in the gross profit margin of our specialty memory products was primarily due to (i) a higher proportion of sales from our high-margin NOR Flash products, and (ii) the fact that the selling prices of our specialty memory chips stabilized, which was in line with the industry cycle and our continuous efforts in cost control, which resulted in a lower cost per unit.

MCU

Our gross profits from MCU increased by 9.1% from RMB569.4 million in 2023 to RMB621.1 million in 2024, primarily due to a 28.8% increase in revenue from sales of MCU, which was partially offset by a decrease in gross profit margin from 43.4% in 2023 to 36.7% in 2024. The decrease in gross profit margin was primarily due to intense competition.

Sensor chips

Our gross profit from sensor chips increased by 30.9% from RMB56.4 million in 2023 to RMB73.8 million in 2024, primarily due to a 27.2% increase in revenue from sales of sensor chips. Gross profit margin from sensor chips remained relatively stable at 16.0% in 2023 and 16.5% in 2024.

Analog chips

In 2024, we managed to turn gross losses of RMB1.9 million for analog chips in 2023 into gross profits of RMB1.6 million for analog chips, primarily due to the decrease in the costs of our analog chips as a result of a decrease in per unit cost as affected by the industry cycle and our continuous efforts in cost control, which outpaced the decrease in the average selling price of our products.

Others

The gross profit from others decreased from RMB14.2 million in 2023 to RMB7.3 million in 2024, primarily due to a 47.4% decrease in revenue from others. The gross profit margin from others remained relative stable at 99.6% in 2023 and 98.0% in 2024.

Other Income

Other income increased by 29.6% from RMB424.4 million in 2023 to RMB549.9 million in 2024, primarily due to (i) a RMB95.8 million increase in interest income in 2024 primarily due to the increase in our deposits with banks, and (ii) a RMB101.5 million increase in gains from foreign exchange difference mainly as a result of fluctuations in exchange rate from USD to RMB.

Selling and Distribution Expenses

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	270,498	370,907	37.1%
as % of total revenue	*4.7%*	*5.0%*	

Our selling and distribution expenses increased by 37.1% from RMB270.5 million in 2023 to RMB370.9 million in 2024, primarily due to an increase in salaries, compensations and benefits of RMB91.1 million, primarily attributable to an increase in bonus and share-based payments for our sales personnel which were associated with the results of performance. As such, as a percentage of our total revenue, our selling and distribution expenses increased from 4.7% in 2023 to 5.0% in 2024.

Administrative Expenses

	Year Ended December 31,		
	2023	**2024**	**% Change**
	(in RMB thousands, except for percentages)		
Administrative expenses	397,553	525,678	32.2%
as % of total revenue	*6.9%*	*7.1%*	

Our administrative expenses increased by 32.2% from RMB397.6 million in 2023 to RMB525.7 million in 2024, primarily due to an increase in salaries, compensations and benefits of RMB113.3 million, primarily attributable to an increase in bonus and share-based payments for our administrative personnel which were associated with the results of performance. As such, as a percentage of our total revenue, our administrative expenses increased from 6.9% in 2023 to 7.1% in 2024.

Research and Development Expenses

	Year Ended December 31,		
	2023	2024	% Change
	(in RMB thousands, except for percentages)		
Research and development expenses	989,953	1,122,389	13.4%
as % of total revenue	*17.2%*	*15.3%*	

Our research and development expenses increased by 13.4% from RMB990.0 million in 2023 to RMB1,122.4 million in 2024, primarily due to an increase in salaries, compensations and benefits of RMB161.6 million, primarily attributable to an increase in number of our R&D personnel and an increase in bonus for our R&D personnel as incentives. As a percentage of our total revenue, our research and development expenses decreased from 17.2% in 2023 to 15.3% in 2024 despite an increase in absolute amounts, primarily due to a rapid increase in revenue as a result of the recovery of downstream demand for our products in 2024.

Income Tax

We recorded income tax expenses of RMB22.8 million in 2024, as compared to the income tax credit of RMB36.4 million in 2023, primarily due to the decrease in profit before tax in 2023.

Profit for the Year

As a result of the foregoing, our profit for the year increased significantly from RMB161.1 million in 2023 to RMB1,100.9 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Specialty memory chips	4,825,856	4,077,311	(15.5)%
MCU	2,825,357	1,312,209	(53.6)%
Sensor chips	434,974	352,449	(19.0)%
Analog chips	3,851	4,604	19.6%
Others	39,954	14,250	(64.3)%
Total	**8,129,992**	**5,760,823**	**(29.1)%**

Sales Volume and Average Selling Prices

	Year Ended December 31,			
	2022		2023	
	Sales volume	Average selling price	Sales volume	Average selling price
	(Unit'000)	*(RMB)*	*(Unit'000)*	*(RMB)*
Specialty memory chips	2,259,645	2.14	2,655,166	1.54
MCU	343,535	8.22	276,089	4.75
Sensor chips	157,130	2.77	178,811	1.97
Analog chips	2,796	1.38	11,625	0.40

Our revenue decreased by 29.1% from RMB8,130.0 million in 2022 to RMB5,760.8 million in 2023 primarily due to the downturn and intensified market competition that led to decreases in selling prices of our specialty memory chips, MCU and sensor chips, which in turn resulted in a decreased revenue of those products. Such downturn was primarily driven by destocking by downstream participants, following the inventory buildup in 2021 and 2022 caused by supply shortage then. The downstream restocking intensified the market competition and, in turn, resulted in a notable decrease in the selling prices of IC products in 2023. Such decrease in average selling prices of our products was generally in line with the overall industry trend. See "Industry Overview — Industry Cycle," and "— Significant Factors Affecting Our Results of Operations — Industry Cycle."

Specialty memory chips

Our revenue from specialty memory chips decreased by 15.5% from RMB4,825.9 million in 2022 to RMB4,077.3 million in 2023, primarily due to a 28.0% decrease in average selling price from RMB2.14 per unit in 2022 to RMB1.54 per unit in 2023 primarily attributable to downturn resulted from the destocking by downstream participants following the inventory buildup in 2021 and 2022. The decrease in average selling price was partially offset by a 17.5% increase in sales volume of our specialty memory chips from 2,259.6 million units in 2022 to 2,655.2 million units in 2023 primarily due to the increase in sales of Flash in network application.

MCU

Our revenue from MCU decreased by 53.6% from RMB2,825.4 million in 2022 to RMB1,312.2 million in 2023, primarily due to (i) a 19.6% decrease in sales volume from 343.5 million units in 2022 to 276.1 million units in 2023, and (ii) a 42.2% decrease in average selling price from RMB8.22 per unit in 2022 to RMB4.75 per unit in 2023. Such decreases were primarily attributable to downturn resulted from the destocking by downstream participants following the inventory buildup in 2021 and 2022, as well as a decrease in proportion in sales of high-performance and mainstream products due to the decrease in demand in industrial applications (such as industrial automation, energy storage and battery management), which had a relatively higher selling price. See "— Significant Factors Affecting Our Results of Operations — Industry Cycle."

Sensor chips

Our revenue from sensor chips decreased by 19.0% from RMB435.0 million in 2022 to RMB352.4 million in 2023, primarily due to a 28.9% decrease in average selling price from RMB2.77 per unit to RMB1.97 per unit. The decrease in selling price was primarily attributable to the downturn result from the destocking by downstream participants following the inventory buildup in 2021 and 2022. However, such decrease in selling price was partially offset by a 13.8% increase in sales volume of our sensor chips, as a result of our continuous efforts in promoting of our products to increase the market share.

Analog chips

Our revenue from analog chips increased by 19.6% from RMB3.9 million in 2022 to RMB4.6 million in 2023, primarily due to a significant increase in sales volume from 2.8 million units in 2022 to 11.6 million units in 2023 as a result of the growing market recognition of the quality and performance of our analog chips and an increase in the market share of our analog chips. Such increase in sales volume was partially offset by a rapid decrease in the average selling price of our analog chips from RMB1.38 per unit in 2022 to RMB0.40 per unit in 2023 primarily due to downturns resulted from the destocking by downstream participants following the inventory buildup in 2021 and 2022 as well as the change in product mix.

Others

Our revenue from others decreased from RMB40.0 million in 2022 to RMB14.3 million in 2023, primarily due to (i) a decrease in technical services demanded by our customers, and (ii) the fact that our customers accepted and adopted more of our existing techniques in 2023 that were typically priced lower as compared with the customized technical services.

Cost of Sales

	Year Ended December 31,		
	2022	**2023**	**% Change**
	(in RMB thousands, except for percentages)		
Cost of wafers	3,281,654	2,872,854	(12.5)%
Cost of packaging and testing	853,427	765,521	(10.3)%
Others	120,275	139,433	15.9%
Subtotal	4,255,356	3,777,808	(11.2)%
Write-down of inventories	177,420	236,707	33.4%
Total	**4,432,776**	**4,014,515**	**(9.4)%**

Our cost of sales decreased by 9.4% from RMB4,432.8 million in 2022 to RMB4,014.5 million in 2023, primarily due to a 12.5% decrease in cost of wafers and a 10.3% decrease in cost of packaging and testing, primarily due to a decrease in unit costs of our products as a result of the downturn in the semiconductor industry. Moreover, there was a 33.4% increase in write-down of inventories from 2022 to 2023 that reflected the decrease in selling prices of our products.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2022		2023	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(in RMB thousands, except for percentages)			
Specialty memory chips	1,934,749	40.1%	1,344,959	33.0%
MCU	1,833,903	64.9%	569,404	43.4%
Sensor chips	71,168	16.4%	56,382	16.0%
Analog chips	959	24.9%	(1,923)	(41.8)%
Others	33,857	84.7%	14,193	99.6%
Subtotal/Overall	3,874,636	47.7%	1,983,015	34.4%
Write-down of inventories	(177,420)		(236,707)	
Total/Overall	**3,697,216**	**45.5%**	**1,746,308**	**30.3%**

Our gross profit decreased by 52.8% from RMB3,697.2 million in 2022 to RMB1,746.3 million in 2023, primarily due to (i) a 29.1% decrease in our total revenue and (ii) a decrease in our gross margin from 45.5% in 2022 to 30.3% in 2023, primarily attributable to a decrease in selling prices of our products, while the cost of sales did not decrease at the same rate. More specifically, the sustained increase in selling prices of IC products during 2021 and 2022 also led to a corresponding rise in cost of wafer, packaging and testing. As affected by the decrease in selling prices since 2023, the cost of sales also decreased. However, there is typically a time lag before changes in those costs are fully reflected in our cost of sales, due to factors such as existing inventory, long-term supply agreements and production lead times. As a result, while the selling prices of IC products declined significantly in 2023, our cost of sales, especially for specialty memory chips and MCU, did not decrease at the same rate in 2023. According to the Frost & Sullivan, such decrease in gross profit margin was generally in line with the industry trend from 2022 to 2023.

Specialty memory chips

Our gross profits from specialty memory chips decreased by 30.5% from RMB1,934.7 million in 2022 to RMB1,345.0 million in 2023, primarily due to (i) a 15.5% decrease in revenue from sales of specialty memory chips, and (ii) a decrease in gross profit margin from 40.1% in 2022 to 33.0% in 2023, which in turn was primarily due to a steeper decrease in selling price due to a downturn caused by the destocking by downstream participants following the inventory buildup in 2021 and 2022, as compared with the decrease in per unit cost of wafers as there was a time lag in cost reduction to be passed from the upstream to us.

MCU

Our gross profits from MCU decreased by 69.0% from RMB1,833.9 million in 2022 to RMB569.4 million in 2023, primarily due to (i) a 53.6% decrease in revenue from sales of MCU, and (ii) a decrease in gross profit margin from 64.9% in 2022 to 43.4% in 2023, which in turn was primarily due to a steeper decrease in selling price due to a downturn caused by the destocking by downstream participants following the inventory buildup in 2021 and 2022, as compared with the decrease in per unit cost of wafers as there was a time lag in cost reduction to be passed from the upstream to us.

Sensor chips

Our gross profit from sensor chips decreased by 20.8% from RMB71.2 million in 2022 to RMB56.4 million in 2023, primarily due to a 19.0% decrease in revenue from sales of sensor chips. The gross profit margin of our sensor chips remained relatively stable at 16.4% in 2022 and 16.0% in 2023.

Analog chips

In 2023, we recorded gross loss for our analog chips of RMB1.9 million, as compared to the gross profit of RMB1.0 million in 2022, primarily due to a steeper decrease in selling price due to a downturn caused by the destocking by downstream participants following the inventory buildup in 2021 and 2022 and our competitive pricing policy of analog chips for expanding our market share, as compared with the decrease in per unit cost of wafers as there was a time lag in cost reduction.

Others

The gross profit from others decreased by 58.1% from RMB33.9 million in 2022 to RMB14.2 million in 2023, primarily due to a 64.3% decrease in revenue from others, which was partially offset by an increase in gross profit margin from 84.7% in 2022 to 99.6%. Such increase in gross profit margin was primarily due to the fact that our customers accepted and adopted more of our existing techniques in 2023 that were of higher gross profit margin for less relevant costs.

Other Income

Other income decreased by 18.3% from RMB519.3 million in 2022 to RMB424.4 million in 2023, primarily due to a decrease in gain from foreign exchange differences of RMB165.8 million primarily attributable to fluctuation in exchange rate between USD to RMB, which was partially offset by an increase in interest income of RMB81.2 million as a result of an increase in deposits with banks.

Selling and Distribution Expenses

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Selling and distribution expenses	265,878	270,498	1.7%
as % of total revenue	*3.3%*	*4.7%*	

Our selling and distribution expenses remained relatively stable at RMB265.9 million in 2022 and RMB270.5 million in 2023 as we maintained our sales and marketing efforts in response to the increasing market competition. As a percentage of our total revenue, our selling and distribution expenses increased from 3.3% in 2022 to 4.7% in 2023.

Administrative Expenses

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Administrative expenses	498,549	397,553	(20.3)%
as % of total revenue	*6.1%*	*6.9%*	

Our administrative expenses decreased by 20.3% from RMB498.5 million in 2022 to RMB397.6 million in 2023, primarily due to (i) a decrease in salaries, compensations and benefits of RMB77.1 million, primarily attributable to a decrease in bonus and share-based payments which were associated with our results of operations, (ii) a decrease in taxes and addition charges of RMB46.5 million, primarily due to the decrease in revenue in 2023, which was partially offset by an increase in depreciation and amortization of RMB19.5 million primarily attributable to our continuous investment in fixed assets and software for management purposes.

Research and Development Expenses

	Year Ended December 31,		
	2022	2023	% Change
	(in RMB thousands, except for percentages)		
Research and development expenses	935,584	989,953	5.8%
as % of total revenue	*11.5%*	*17.2%*	

Our research and development expenses increased from RMB935.6 million in 2022 to RMB990.0 million in 2023, primarily due to an increase in depreciation and amortization of RMB69.4 million primarily attributable to an increase in equipment for R&D activities. Such increase was partially offset by a decrease in salaries, compensations and benefits of RMB28.5 million, primarily attributable to a decrease in bonus and share-based payments which were associated with our results of operations. Our research and development expenses as a percentage of our total revenue increased from 11.5% in 2022 to 17.2% in 2023, primarily due to a decrease in revenue in 2023.

Income Tax

We recorded an income tax credit of RMB36.4 million in 2023, as compared to the income tax expenses of RMB209.5 million in 2022, primarily due to a decrease in profit before tax in 2023 which resulted in a decrease in current tax for 2023, and the loss recorded by certain subsidiaries of us which resulted in an increase in deferred tax for 2023.

Profit for the Year

As a result of the foregoing, our profit for the year decreased significantly from RMB2,052.9 million in 2022 to RMB161.1 million in 2023.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities. As of June 30 and October 31, 2025, we had cash and cash equivalents of RMB7,863.1 million and RMB9,385.2 million, respectively.

Going forward, we believe our liquidity requirements will be satisfied by using funds from a combination of cash generated from our operating activities and net proceeds from the Global Offering.

Taking into account the cash and cash equivalents, the net proceeds from the Global Offering and cash generated from our operating activities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this prospectus.

Net Current Assets/Liabilities

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
	(in RMB thousands)				
					(unaudited)
Current assets:					
Financial assets measured at FVPL	1,857,548	1,805,558	120,000	62,503	60,990
Inventories	2,153,876	1,990,866	2,346,368	2,400,649	2,785,764
Trade and bills receivables	173,930	127,280	231,791	244,862	230,446
Prepayments and other current assets	320,097	386,020	608,614	942,445	758,917
Prepaid income tax	34,342	27,371	14	940	21,422
Time deposits	–	–	–	1,347,250	323,009
Cash at bank and on hand	6,874,850	7,265,862	9,128,010	7,863,121	9,385,159
Total current assets	**11,414,643**	**11,602,957**	**12,434,797**	**12,861,770**	**13,565,707**
Current liabilities:					
Trade payables	479,266	501,844	733,599	718,997	866,780
Accruals and other payables	598,626	351,661	522,731	593,524	469,973
Contract liabilities	82,917	88,091	94,532	135,224	238,966
Financial liabilities measured at FVPL	–	–	–	4,662	875
Bank loans	–	–	898,221	619,575	380,187
Lease liabilities	34,433	41,876	53,113	62,246	59,605
Income tax payable	1,422	2,703	28,311	21,402	38,647
Total current liabilities	**1,196,664**	**986,175**	**2,330,507**	**2,155,630**	**2,055,033**
Net current assets	**10,217,979**	**10,616,782**	**10,104,290**	**10,706,140**	**11,510,674**

Comparison between October 31, 2025 and June 30, 2025

Our net current assets increased from RMB10,706.1 million as of June 30, 2025 to RMB11,510.7 million as of October 31, 2025, primarily due to (i) an increase in current assets, mainly including an increase in cash at bank and on hand of RMB1,522.0 million, and an increase in inventories of RMB385.1 million, partially offset by a decrease in time deposits of RMB1,024.2 million, and (ii) a decrease in current liabilities, mainly including a decrease in bank loans of RMB239.4 million, and a decrease in accruals and other payables of RMB123.6 million, partially offset by an increase in trade payables of RMB147.8 million and an increase in contract liabilities of RMB103.7 million.

Comparison between June 30, 2025 and December 31, 2024

Our net current assets increased from RMB10,104.3 million as of December 31, 2024 to RMB10,706.1 million as of June 30, 2025, primarily due to (i) an increase in current assets, mainly including an increase in time deposits of RMB1,347.0 million, and an increase in prepayments and other current assets of RMB333.8 million, partially offset by a decrease in cash at bank and on hand of RMB1,264.9 million, and (ii) a decrease in current liabilities, mainly including a decrease in bank loans of RMB278.6 million. See "— Selected Items of Consolidated Statements of Financial Position" for further details.

Comparison between December 31, 2024 and December 31, 2023

Our net current assets decreased from RMB10,616.8 million as of December 31, 2023 to RMB10,104.3 million as of December 31, 2024, primarily due to an increase in current liabilities, mainly including (i) an increase in trade payables of RMB231.8 million, (ii) an increase in accruals and other payables of RMB171.1 million, and (iii) an increase of bank loans of RMB898.2 million. Such increase in current liabilities was partially offset by an increase in current assets, mainly including (i) an increase in inventories of RMB355.5 million, and (ii) an increase in cash at bank and on hand of RMB1,862.1 million, that was partially offset by a decrease in financial assets measured at FVPL of RMB1,685.6 million. See "— Selected Items of Consolidated Statements of Financial Position" for further details.

Comparison between December 31, 2023 and December 31, 2022

Our net current assets increased from RMB10,218.0 million as of December 31, 2022 to RMB10,616.8 million as of December 31, 2023, primarily due to (i) an increase in current assets, mainly including an increase in cash at bank and on hand of RMB391.0 million, partially offset by a decrease in inventories of RMB163.0 million, and (ii) a decrease in current liabilities, mainly include a decrease in accruals and other payables of RMB247.0 million. See "— Selected Items of Consolidated Statements of Financial Position" for further details.

SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories include raw materials, work in progress, finished goods and others. Our raw materials mainly consist of the wafers supplied by our foundry partners, and our work-in-progress inventory mainly comprises the unfinished chips undergoing packaging and testing processing at our OSAT partners. The table below sets forth the breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Raw materials	1,192,425	1,339,048	1,134,950	1,057,724
Work in progress	261,161	289,985	426,950	645,774
Finished goods	928,945	706,050	1,156,432	980,717
Others[1]	–	–	859	3,823
Less: write-down of inventories	(228,655)	(344,217)	(372,823)	(287,389)
Total	**2,153,876**	**1,990,866**	**2,346,368**	**2,400,649**

Note:

(1) Mainly including contract fulfillment cost.

Our inventories decreased from RMB2,153.9 million as of December 31, 2022 to RMB1,990.9 million as of December 31, 2023, primarily due to an increase in the provision for write-down of inventories primarily due to the industry downturns caused by the destocking by downstream participants following the inventory buildup in 2021 and 2022 that led to a weakened market demand. Our inventories increased from RMB1,990.9 million as of December 31, 2023 to RMB2,346.4 million as of December 31, 2024, due to (i) an increase in inventory level in response to the gradual recovery in market demands in 2024, and (ii) the newly additions of inventories through acquisition of XySemi. However, the increase in inventory balance as of December 31, 2024 was not commensurate with the increase in revenue in 2024, primarily due to the buildup of inventories to a certain extent as affected by the industry cycle. Our inventories increased from RMB2,346.4 million as of December 31, 2024 to RMB2,400.6 million as of June 30, 2025, due to the increase in inventory level in response to the further recovery of the markets.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, we recognized write-down of inventories of RMB228.7 million, RMB344.2 million, RMB372.8 million and RMB287.4 million, primarily due to the decrease in market price of our products as a result of the destocking by downstream participants following the inventory buildup in 2021 and 2022. Based on the our prudent estimation and judgment, and in accordance with the our accounting policies, we believe that we have made sufficient write-down of inventories.

Turnover Days

The table below sets forth the turnover days of our inventories for the years/period indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Inventory turnover days[(1)]	148	188	167	163

Note:

(1) Inventory turnover days for each year/period equals the average of the beginning and ending balances of inventory for that period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our inventory turnover days increased from 148 days in 2022 to 188 days in 2023, primarily due to the industry downturns caused by oversupply that led to a weakened market demand, which in turn resulted in a slower turnover of our inventories in 2023. Our inventory turnover days decreased to 167 days in 2024 and 163 days in the six months ended June 30, 2025, primarily due to (i) the gradual recovery in market demands in 2024, and (ii) our active measures, including optimizing the procurement time and enhanced product promotion activities, to accelerate our inventory turnover.

Aging Analysis

The table below sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Within one year	2,103,493	1,828,898	2,284,906	2,338,383
One to two years	50,383	161,968	61,462	62,266
Total	**2,153,876**	**1,990,866**	**2,346,368**	**2,400,649**

Subsequent utilization

As of October 31, 2025, 84.7% of our total inventories as of June 30, 2025, or RMB2,033.9 million, were utilized or sold.

Trade and Bills Receivables

Our trade and bill receivables mainly arise from the provision of credit terms to our customers. We typically require our distributors to make prepayments for the products. We may provide certain distributors or direct sales customers credit terms ranging from seven days to 120 days according to our customer credit management policy, depending on their operating situations, financial condition and expected transaction volume.

The table below sets forth the breakdown of our trade and bills receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			
Trade receivables	142,625	114,147	212,601	227,305
Bills receivables	31,809	13,133	19,775	17,557
Less: credit loss allowance	(504)	–	(585)	–
Total	**173,930**	**127,280**	**231,791**	**244,862**

Our trade and bills receivables decreased from RMB173.9 million as of December 31, 2022 to RMB127.3 million as of December 31, 2023, primarily due to (i) the collection of trade and bills receivables upon maturity, (ii) a decrease in sales as a result of industry downturn caused by the destocking by downstream participants following the inventory buildup in 2021 and 2022 that led to a weakened market demand. Our trade and bills receivables increased from RMB127.3 million as of December 31, 2023 to RMB231.8 million as of December 31, 2024 and further to RMB244.9 million as of June 30, 2025, primarily due to an increase in the sales of our products in 2024 as a result of the gradually recovered downstream demand and our continuous efforts in marketing and enriching our product offerings.

Aging Analysis and Impairment

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Within 3 months	134,502	114,147	211,221	227,305
More than 3 months but less than 1 year	7,619	–	795	–
Total	**142,121**	**114,147**	**212,016**	**227,305**

Further details on the Group's credit policy and credit risk arising from trade receivables, see note 32(a) to "Appendix I — Accountants' Report."

Turnover Days

The table below sets forth the turnover days of our trade and bills receivables for the years/period indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Trade and bills receivables turnover days[(1)]	12	10	9	10

Note:

(1) Trade and bill receivables turnover days for each year/period equals the average of the beginning and ending balances of trade and bills receivables for that year/period divided by revenue for that period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

As a result of our continuous efforts in collecting our trade and bills receivables, our turnover days for trade and bills receivables were 12 days, 10 days, 9 days and 10 days in 2022, 2023 and 2024 and six months ended June 30, 2025.

Subsequent settlement

As of October 31, 2025, 100.0% of our total trade and bills receivables as of June 30, 2025, or RMB244.9 million, were settled.

Prepayment and Other Current Assets

Our prepayments and other current assets primarily include (i) prepayments for wafer fabrication, packaging and testing, (ii) other receivables from non-controlling interests as a result of acquisition of XySemi, (iii) input VAT deductible, (iv) current portion of other non-current assets, which represent the portion of deposit we made to reserve capacity at our foundry partners that can be applied against the purchase price of the wafers in accordance with the contract terms, (v) deposits for dividends to be distributed, and (vi) prepayments for costs incurred in connection with the proposed initial listing of the H shares of the Company.

The table below sets forth the breakdown of our prepayments and other current assets as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Other receivables	14,855	16,144	215,738	195,165
Less: loss allowance	(2,298)	(3,518)	(8,086)	(9,136)
Prepayments for inventories to third parties	35,082	24,183	24,533	36,845
Input VAT deductible	62,261	81,968	108,454	123,332
Current portion of other non-current assets	194,000	243,000	250,000	349,806
Deposits for dividends to be distributed	–	–	–	204,642
Prepayments for costs incurred in connection with the proposed initial listing of the H shares of the Company	–	–	–	15,077
Others	16,197	24,243	17,975	26,714
Total	**320,097**	**386,020**	**608,614**	**942,445**

Our prepayments and other current assets increased from RMB320.1 million as of December 31, 2022 to RMB386.0 million as of December 31, 2023, primarily due to an increase in current portion of other non-current assets of RMB49.0 million. Our prepayments and other current assets increased from RMB386.0 million as of December 31, 2023 to RMB608.6 million as of December 31, 2024, primarily due to an increase in other receivables resulted from the acquisition of XySemi. As part of the conditions for the acquisition of XySemi, XySemi was required to transfer a property it owned to one of its then wholly-owned subsidiaries. Following this, ownership of the subsidiary was transferred to a shareholder of XySemi. This shareholder, in turn, assumed responsibility for paying the consideration for the transferred property to us. The corresponding amount receivable was recorded as "other receivables" in our accounts. To secure the timely and complete repayment of this amount, the receivables were collateralized by both the equity interests in XySemi and properties owned by the shareholder. Our prepayments and other current assets increased from RMB608.6 million as of December 31, 2024 to RMB942.4 million as of June 30, 2025, primarily due to (i) an increase in current portion of other non-current assets of RMB99.8 million, (ii) an increase in deposits for dividends to be distributed of RMB204.6 million.

Subsequent utilization/settlement

As of October 31, 2025, 30.3% of our prepayment and other current assets as of June 30, 2025, or RMB286.0 million, were utilized or settled.

Goodwill

We recorded goodwill of RMB783.5 million, RMB410.1 million, RMB617.2 million and RMB617.2 million as of December 31, 2022, 2023 and 2024 and June 30, 2025. Our goodwill arose from our acquisitions of Silead, XySemi and Suzhou Freethink. See note 15 to "Appendix I — Accountants' Report."

Impairment tests for CGUs containing goodwill

We perform annual impairment tests on goodwill at the end of the reporting year. For the purpose of impairment testing as at December 31, 2022, 2023 and 2024, goodwill arising from the acquisition of SiLead in 2019 was allocated to the SiLead CGU, goodwill arising from the acquisition of XySemi in 2024 was allocated to the XySemi CGU, and goodwill arising from the acquisition of Suzhou Freethink in 2019 was allocated to the Freethink CGU. As of June 30, 2025, our management considered there is no indication of impairment as to CGUs containing goodwill, and as a result no impairment test was considered necessary.

(a) SiLead CGU

The recoverable amount of the SiLead CGU is determined based on value-in-use calculations. We engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amounts are as follows:

	As of December 31,		
	2022	**2023**	**2024**
		(RMB'000)	
Annual revenue growth rates during the five-year period(1)	6%-36%	8%-31%	3%-16%
Net profit margin(1)	4%-11%	1%-9%	2%-11%
Growth rate beyond the five-year period(2)	0%	0%	0%
Pre-tax discount rate(3)	11.64%	10.61%	10.65%

Notes:

(1) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and our historical experience and forecast of the semiconductor markets.

(2) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.

(3) The pre-tax discount rate reflects specific risks relating to the SiLead CGU.

Our management considered that attributable to the delay in the commercial production of certain customers' products which resulted in the SiLead CGU not meeting the original expected business results, and based on the above assessments, concluded that impairment losses of RMB241,491,000 and RMB373,372,000 were required at December 31, 2022 and 2023, respectively, and such losses were recognised in the consolidated statements of profit or loss for the years ended December 31, 2022 and 2023, respectively. As at December 31, 2024, the amount of headroom for SiLead CGU was RMB14,060,000.

Our management have undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters that would cause the carrying amount of the CGU to exceed its recoverable amount. The following table sets out the hypothetical change to pre-tax discount rate that would have removed the remaining headroom:

As of December 31, 2024	SiLead CGU
Pre-tax discount rate	+2.0%

(b) XySemi CGU

The recoverable amount of the XySemi CGU is determined based on value-in-use calculations. We engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount are as follows:

	As of December 31, 2024
	(RMB'000)
Annual revenue growth rates during the five-year period[(1)]	2%-24%
Net profit margin[(1)]	27%-29%
Growth rate beyond the five-year period[(2)]	0%
Pre-tax discount rate[(3)]	15.26%

Notes:

(1) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and our historical experience and forecast of the semiconductor markets.

(2) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.

(3) The pre-tax discount rate reflects specific risks relating to the XySemi CGU.

As at December 31, 2024, the amount of headroom for XySemi CGU was RMB39,116,000.

Our management has undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters that would cause cause the carrying amount of the CGU to exceed its recoverable amount. The following table sets out the hypothetical change to pre-tax discount rate that would have removed the remaining headroom:

As of December 31, 2024	XySemi CGU
Pre-tax discount rate	+5.0%

Intangible Assets

During the Track Record Period, our intangible assets mainly included development expenditure, patents and proprietary technologies and software and others. We recorded intangible assets of RMB460.8 million, RMB440.9 million, RMB604.2 million and RMB654.6 million as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. See note 14 to "Appendix I — Accountants' Report."

We identify the development of each potential product under individual project. Generally, it takes us one to three years to convert capitalised development expenditure under each individual projects into patents and proprietary technologies, which is taking at the point of time when we are able to mass produce the products using these patents and proprietary technologies to meet market demands. We categorise the above projects into various product types and performs impairment tests on each category comprising these capitalised development expenditures annually. For the purpose of impairment testing, capitalised development expenditure is allocated to CGUs comprising the assets and liabilities that are expected to generate cash flows with such development expenditures. The recoverable amounts of the CGUs comprising capitalised development expenditures are determined based on value-in-use calculations. We engaged an independent professional valuer to assist with the calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a period of six to eight years, in light of the expected overall life cycle of these projects. The key assumptions used in estimating the recoverable amounts are as follows:

	As of December 31,		
	2022	2023	2024
Gross profit margin(1)	13%-48%	12%-49%	10%-44%
Pre-tax discount rate(2)	14.86%-15.13%	14.65%-15.29%	16.07%

Notes:

(1) The gross profit margin is based on current operational status and future business plan of the CGU, and our historical experience and forecast of the semiconductor markets.

(2) The pre-tax discount rate reflects specific risks relating to the respective CGUs comprising development expenditures.

The Group performs annual impairment tests on development expenditure at the end of the reporting year. In carrying out the impairment testing, our management also considers the commercial feasibility of the potential products that will be produced under each project and its related market demand. Based on the impairment testing carried out by our management during the Track Record Period, it had been determined that the previous capitalised development expenditure of RMB2,630,000 was considered to be no longer commercially feasible and has been fully impaired as of December 31, 2023, and accordingly, the related impairment loss was recognised in profit or loss in 2023. Apart from the above impaired development expenditure, the amounts of headroom for CGUs comprising the remaining capitalised development expenditure amounted to RMB696,178,000, RMB1,313,047,000 and RMB1,040,597,000 as of December 31, 2022, 2023 and 2024, respectively. As at 30 June 2025, the management of the Group considered there is no indication of impairment as to CGUs comprising development expenditure, and as a result no impairment test was considered necessary.

Our management has undertaken sensitivity analyses on the impairment test of CGUs comprising development expenditure and identified a reasonably possible change in key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount. The following tables set out the hypothetical change to gross profit margin that would have removed the remaining headroom:

	As of December 31		
	2022	**2023**	**2024**
Gross profit margin	-76% to -15%	-78% to -13%	-58% to -7%

Our management believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount.

Trade Payables

Our trade payables are primarily for contract manufacturing and raw materials, masks, software and IT services. Our trade payables are non-interest-bearing and are normally settled on 15 days to two months terms.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Trade payables	479,266	501,844	733,599	718,997

As of December 31, 2022, 2023 and 2024, we recorded trade payables of RMB479.3 million, RMB501.8 million and RMB733.6 million. Such continuous increase in our trade payables during the Track Record Period was primarily due to our continuously increased procurement. In particular, our trade payables increased from RMB501.8 million as of December 31, 2023 to RMB733.6 million as of December 31, 2024, primarily due to our increased procurement in 2024 in anticipation of the further recovery in market demands. Our trade payables decreased from RMB733.6 million as of December 31, 2024 to RMB719.0 million as of June 30, 2025, primarily due to the subsequent settlements with our suppliers.

Aging Analysis

The table below sets forth the breakdown of the aging analysis of the trade payables.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Within 1 year	475,291	464,941	732,588	717,990
1 to 2 years	804	35,852	66	40
2 to 3 years	1,847	585	7	30
Over 3 years	1,324	466	938	937
Total	**479,266**	**501,844**	**733,599**	**718,997**

Turnover Days

The table below sets forth the turnover days for the trade payables for the years/period indicated.

	Year Ended December 31,			Six Months Ended June 30,
	2022	2023	2024	2025
Trade payables turnover days[(1)] . . .	45	45	48	50

Note:

(1) Trade payables turnover days for each year/period equal the average of the beginning and ending balances of trade payables for that year/period divided by cost of sales for that year/period and multiplied by 365 days for the year ended December 31, and 180 days for the six months ended June 30.

Our trade payables turnover days remained relatively stable at 45, 45, 48 and 50 days in 2022, 2023 and 2024 and six months ended June 30, 2025, respectively.

Subsequent settlement

As of October 31, 2025, 99.0% of our total trade payables as of June 30, 2025, or RMB711.4 million, were settled.

Contract Liabilities

Our contract liabilities comprise prepayments received from customers.

The table below sets forth the breakdown of the contract liabilities as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Prepayments received from customers.	82,917	88,091	94,532	135,224

Our contract liabilities increased from RMB82.9 million as of December 31, 2022 to RMB88.1 million as of December 31, 2023, primarily due to an increase in prepayment received for the customized development services. Our contract liabilities increased from

RMB88.1 million as of December 31, 2023 to RMB94.5 million as of December 31, 2024, and further to RMB135.2 million as of June 30, 2025, primarily due to an increase in prepayments received for the sales of our products as a result of the gradual recovery of the end markets.

Subsequent recognition

As of October 31, 2025, 69.5% of our total contract liabilities as of June 30, 2025, or RMB94.0 million, were recognized as revenue.

Accruals and Other Payables

Our accruals and other payables primarily comprises (i) staff cost payables, (ii) unvested restricted shares repurchase obligation, (iii) payables for consultancy and technology fee, (iv) dividends payable, (v) consideration payable for an acquisition of a subsidiary, and (vi) other taxes and levies payables.

The table below sets forth the breakdown of our accruals and other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Staff cost payables	234,859	95,498	291,238	202,644
Unvested restricted shares repurchase obligation	290,895	192,007	82,140	31,385
Payables for consultancy and technology fee	39,555	32,272	70,583	80,924
Dividends payable	–	–	–	225,575
Consideration payable for an acquisition of a subsidiary	–	–	15,123	–
Others	10,833	16,084	40,328	17,875
Financial liabilities measured at amortised cost	576,142	335,861	499,412	558,403
Other taxes and levies payables	22,484	15,800	23,319	35,121
	598,626	351,661	522,731	593,524

The current portion of our accruals and other payables decreased from RMB598.6 million as of December 31, 2022 to RMB351.7 million as of December 31, 2023, primarily due to (i) a decrease in staff cost payables of RMB139.4 million primarily attributable to a decrease in bonus payables, and (ii) a decrease in unvested restricted shares repurchase obligation of RMB98.9 million primarily attributable to the vesting of restricted shares after the restriction period. Our accruals and other payables increased from RMB351.7 million as of December 31, 2023 to RMB522.7 million as of December 31, 2024, primarily due to an increase in staff cost payables of RMB195.7 million primarily attributable to an increase in bonus payables. Our accruals and other payables increased from RMB522.7 million as of December 31, 2024 to RMB593.5 million as of June 30, 2025, primarily due to an increase in dividend payable of RMB225.6 million, which was partially offset by (i) a decrease in staff cost payable of RMB88.6 million, primarily attributable to the subsequent payment of bonus and (ii) a decrease in unvested restricted shares repurchase obligation of RMB50.8 million primarily attributable to the vesting of restricted shares after the restriction period.

Subsequent settlement

As of October 31, 2025, 31.3% of our total accruals and other payables as of June 30, 2025, or RMB122.0 million, were settled.

Cash Flows

The table below sets forth our cash flows for the years/period indicated.

	Year Ended December 31,			Six months ended June 30,
	2022	**2023**	**2024**	**2025**
	(in RMB thousands)			
Operating profit before working capital changes	2,936,269	965,034	1,658,569	952,540
Changes in working capital	(1,617,074)	229,792	368,892	59,469
Income tax (paid)/refunded	(369,504)	(8,077)	4,769	(54,188)
Net cash generated from operating activities	949,691	1,186,749	2,032,230	957,821
Net cash used in investing activities	(43,724)	(294,903)	(669,335)	(1,762,846)
Net cash (used in)/generated from financing activities	(780,313)	(572,601)	480,384	(453,838)
Net increase/(decrease) in cash and cash equivalents	**125,654**	**319,245**	**1,843,279**	**(1,258,863)**
Cash and cash equivalents at the beginning of the year/period	6,546,991	6,787,205	7,130,888	9,104,159
Effects of foreign exchange rate changes	114,560	24,438	129,992	(15,619)
Cash and cash equivalents at the end of the year/period	**6,787,205**	**7,130,888**	**9,104,159**	**7,829,677**

Operating Activities

In the six months ended June 30, 2025, we had net cash generated from operating activities of RMB957.8 million, which primarily consists of profit before taxation of RMB596.1 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation and amortisation of RMB244.0 million, (ii) equity-settled share-based payment expenses of RMB84.1 million, and (iii) net foreign exchange gain of RMB21.7 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in prepayments and other current assets and other non-current assets of RMB163.8 million and (ii) an increase in contract liabilities of RMB40.8 million, partially offset by (i) an increase in inventories of RMB58.1 million and (ii) a decrease in accruals and other payables of RMB43.6 million.

In 2024, we had net cash generated from operating activities of RMB2,032.2 million, which primarily consists of profit before taxation of RMB1,123.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation and amortisation of RMB467.3 million, (ii) equity-settled share-based payment expenses of RMB159.0 million, and (iii) net foreign exchange gain of RMB97.2 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in prepayments and other current assets and other non-current assets of RMB240.6 million, (ii) an increase in accruals and other payables of RMB234.5 million, and (iii) an increase in trade payables of RMB203.9 million, partially offset by (i) an increase in inventories of RMB267.5 million, and (ii) an increase in trade and bills receivables of RMB47.5 million.

In 2023, we had net cash generated from operating activities of RMB1,186.7 million, which primarily consists of profit before taxation of RMB124.7 million, adjusted for certain non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily include (i) depreciation and amortisation of RMB443.7 million, (ii) impairment loss on goodwill of RMB373.4 million, and (iii) equity-settled share-based payment expenses of RMB97.1 million. The amount was further adjusted by changes in working capital, primarily including (i) a decrease in prepayments and other current assets and other non-current assets of RMB167.0 million, (ii) a decrease in inventories of RMB163.0 million, and (iii) a decrease in trade and bills receivables of RMB30.2 million, partially offset by a decrease in accruals and other payables of RMB165.3 million.

In 2022, we had net cash generated from operating activities of RMB949.7 million, which primarily consists of profit before taxation of RMB2,262.4 million, adjusted for certain non-cash and non-operating items. Adjustment for such non-cash and non-operating items primarily include (i) depreciation and amortisation of RMB371.8 million, (ii) impairment loss on goodwill of RMB241.5 million, and (iii) equity-settled share-based payment expenses of RMB203.2 million. The amount was further adjusted by working capital, primarily including (i) an increase in prepayments and other current assets and other non-current assets of

RMB903.0 million, (ii) an increase in inventories of RMB705.0 million, and (iii) a decrease in trade payables of RMB163.2 million, partially offset by (i) a decrease in trade and bills receivables of RMB145.8 million, and (ii) an increase in contract liabilities of RMB11.3 million.

Investing Activities

In the six months ended June 30, 2025, we had net cash used in investing activities of RMB1,762.8 million, which primarily consists of (i) purchase of time deposits of RMB1,330.3 million, (ii) payments for the purchase of property, plant and equipment and intangible assets of RMB412.5 million and (iii) investment in associates of RMB140.0 million, partially offset by (i) proceeds from equity securities designated at FVOCI of RMB175.5 million and (ii) proceeds from redemption of wealth management products measured at FVPL of RMB60.0 million.

In 2024, we had net cash used in investing activities of RMB669.3 million, which primarily consists of (i) investments in equity securities designated at FVOCI of RMB1,529.7 million, (ii) payments for the purchase of property, plant and equipment and intangible assets RMB499.0 million, and (iii) purchase of wealth management products measured at FVPL of RMB420.0 million, partially offset by (i) proceeds from redemption of wealth management products measured at FVPL of RMB2,100.0 million, and (ii) proceeds from equity securities designated at FVOCI of RMB119.6 million.

In 2023, we had net cash used in investing activities of RMB294.9 million, which primarily consists of (i) purchase of wealth management products measured at FVPL of RMB5,465.0 million, (ii) payments for the purchase of property, plant and equipment and intangible assets of RMB348.4 million, and (iii) investments in equity securities designated at FVOCI of RMB78.3 million, partially offset by (i) proceeds from redemption of wealth management products measured at FVPL of RMB5,505.0 million and (ii) investment income from wealth management products measured at FVPL of RMB91.7 million.

In 2022, we had net cash used in investing activities of RMB43.7 million, which primarily consists of (i) purchase of wealth management products measured at FVPL of RMB2,750.0 million, and (ii) payments for the purchase of property, plant and equipment and intangible assets of RMB550.8 million, partially offset by proceeds from redemption of wealth management products measured at FVPL of RMB3,310.0 million.

Financing Activities

In the six months ended June 30, 2025, we had net cash used in financing activities of RMB453.8 million, which primarily consists of (i) repayment of bank loans of RMB678.5 million, (ii) dividends deposited in escrow to be distributed of RMB204.6 million, and (iii) capital element of lease rentals paid of RMB27.1 million, partially offset by (i) proceeds from bank loans of RMB400.0 million and (ii) proceeds from share options exercised of RMB77.0 million.

In 2024, we had net cash generated from financing activities of RMB480.4 million, which primarily consists of (i) proceeds from bank loans of RMB1,269.2 million, and (ii) capital injection from non-controlling interests of RMB4.5 million, partially offset by (i) repayment of bank loans of RMB418.7 million, (ii) purchase of own ordinary shares of RMB259.6 million, and (iii) purchase of forfeited restricted shares of RMB55.5 million

In 2023, we had net cash used in financing activities of RMB572.6 million, which primarily consists of (i) dividends paid of RMB413.6 million, (ii) purchase of own ordinary shares of RMB102.0 million and (iii) capital element of lease rentals paid of RMB42.1 million, offset by increase in other non-current liabilities of RMB2.0 million.

In 2022, we had net cash used in financing activities of RMB780.3 million, which primarily consists of (i) dividends paid of RMB707.5 million, (ii) purchase of forfeited restricted shares of RMB34.5 million, and (iii) capital element of lease rentals paid of RMB31.4 million.

INDEBTEDNESS

The table below sets forth the indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2022	**2023**	**2024**	**2025**	**2025**
			(in RMB thousands)		
					(unaudited)
Current portion					
Bank loans	–	–	898,221	619,575	380,187
Lease liabilities	34,433	41,876	53,113	62,246	59,605
Subtotal	**34,433**	**41,876**	**951,334**	**681,821**	**439,793**
Non-current portion					
Lease liabilities	89,901	74,390	48,023	52,496	48,787
Total	**124,334**	**116,266**	**999,357**	**734,317**	**488,580**

Bank Loans

As of December 31, 2022, 2023, 2024, June 30, 2025 and October 31, 2025, our bank loans amounted to nil, nil, RMB898.2 million, RMB619.6 million and RMB380.2 million, respectively. See note 27 to "Appendix I — Accountants' Report." Our bank loans were mainly for general corporate purposes.

As of October 31, 2025, we had unutilized banking facilities of approximately RMB3,784.6 million.

Lease Liabilities

The table below sets forth the lease liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of October 31,
	2022	2023	2024	2025	2025
			(in RMB thousands)		
					(unaudited)
Current					
Lease liabilities	34,433	41,876	53,113	62,246	59,605
Non-current					
Lease liabilities	89,901	74,390	48,023	52,496	48,787
Total	**124,334**	**116,266**	**101,136**	**114,742**	**108,392**

Our lease liabilities decreased from RMB124.3 million as of December 31, 2022 to RMB116.3 million as of December 31, 2023, and further to RMB101.1 million as of December 31, 2024, primarily due to our payment of rents. Our lease liabilities increased from RMB101.1 million as of December 31, 2024 to RMB114.7 million as of June 30, 2025 primarily due to the new leases we entered into in the six months ended June 30, 2025.

CONTINGENT LIABILITIES

As of December 31, 2022, 2023, 2024, June 30, 2025 and as of October 31, 2025, and up to the Latest Practicable Date, we did not have any contingent liabilities.

Save as disclosed above, we did not have any bank and other loan, 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 the Latest Practicable Date for our indebtedness statement. We did not have any material covenants and undertakings on outstanding debts, guarantees, pledge of key assets or other contingent obligations, and breaches during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that there has not been any material change in our indebtedness since the October 31, 2025 up to the date of this prospectus. Our Directors confirm that we did not have any material defaults on trade and non-trade payables and borrowings, breaches of covenants, or experience any material difficulty in obtaining bank loans and other borrowings during the Track Record Period and up to the date of this prospectus.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital Expenditure

The table below sets forth the capital expenditure for the years/period indicated.

	Year Ended December 31,			Six months ended June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Payments for the purchase of property, plant and equipment and intangible assets	550,843	348,363	499,018	412,484
Total capital expenditure	**550,843**	**348,363**	**499,018**	**412,484**

During the Track Record Period, our capital expenditure was primarily for property, plant and equipment, such as masks and R&D equipment, and intangible assets such as licensed IPs.

Capital Commitments

The table below sets forth the capital commitments as of the dates indicated.

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	(in RMB thousands)			
Contracted for capital injections into equity securities measured at FVPL	615,000	485,400	635,400	515,400
Total	**615,000**	**485,400**	**635,400**	**515,400**

KEY FINANCIAL RATIOS

	Year Ended/As of December 31,			Six Months Ended/As of June 30,
	2022	2023	2024	2025
Gross profit margin[1]	45.5%	30.3%	35.7%	36.9%
Profit margin[2]	25.3%	2.8%	15.0%	14.2%
Adjust net profit margin (a non-IFRS measure)	27.7%	4.5%	17.1%	16.2%
Current ratio[3]	9.5	11.8	5.3	6.0
Quick ratio[4]	7.7	9.7	4.3	4.9

Notes:

(1) Gross profit margin is calculated as revenue minus cost of sales divided by revenue, then multiplied by 100%.

(2) Profit margin is calculated as net profit divided by revenue, then multiplied by 100%.

(3) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective years/period.

(4) Quick ratio is calculated as total current assets less inventories divided by the total current liabilities as at the end of the respective years/period.

DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to credit, liquidity, interest rate and currency risks arises in the normal course of business, and also exposed to equity price risk arising from our equity investments in other entities and movements in our own equity share price.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade receivables and other receivables. Our management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Our exposure to credit risk arising from cash and cash equivalents and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which we consider having low credit risk. See note 32 to "Appendix I — Accountants' Report."

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance for continuity of funding to finance our working capital needs as well as capital expenditure. See note 32 to "Appendix I — Accountants' Report."

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from bank loans. Instruments bearing interest at variable rates and fixed rates expose us to cashflow interest rate risk and fair value interest rate risk respectively. We regularly review our strategy on interest rate risk management in the light of the prevailing market condition. Our interest rate risk profile as monitored by management is set out below. See note 32 to "Appendix I — Accountants' Report."

Currency Risk

We are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD.

We closely monitor the impact of exchange rate fluctuations on our currency risk. We ensure that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. We use foreign exchange forward contracts to manage our currency risk until the settlement date of foreign currency receivables or payables and these foreign exchange forward contracts have a maturity of less than one year from the reporting date. Changes in the fair value of foreign exchange forward contracts that economically hedge monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. See note 32 to "Appendix I — Accountants' Report."

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of manufacturing partners. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. 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 or hedging or research and development services with us.

DIVIDEND POLICY

Our declaration and payment of dividends are subject to PRC laws and regulations, including the PRC Company Law (《中華人民共和國公司法》) and the No. 3 Guideline for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies (2025 Revision) (《上市公司監管指引第3號 –上市公司現金分紅(2025年修訂)》) and the Articles of Association.

We have established our dividend policy as prescribed in the Articles of Association. As a principle, our profit distribution should emphasize providing reasonable investment returns to public shareholders, with the aim of sustainable development and safeguarding shareholders' rights and interests. Under the condition that the Company's normal production and operational funding needs are met, if there have been no significant adverse changes in the company's external business environment or operating conditions, and the distributable profit for the year is positive, we shall distribute no less than 20% of the distributable profits realized in a given year in the form of cash dividends each year. Moreover, over any consecutive three-year period, the total cash dividends distributed shall be no less than 60% of the average annual distributable profits realized during those three years. Save as prescribed in the Articles of Association, we do not set other payout ratio target. Future profit distributions may be carried out in the form of cash dividends or stock dividends or a combination of cash dividends and stock dividends. Any proposed distribution of dividends is subject to the discretion of our Board and the approval at our Shareholders' meetings. Our Board may recommend a distribution of dividends in the future after taking into account factors including:

- industry characteristics;
- stage of development;
- business model;
- profitability of the relevant year/period;
- whether there are significant capital expenditure plans; and
- any other conditions that our Board may deem relevant.

During the Track Record Period, we have declared dividends. In 2022, 2023, 2024 and the six months ended June 30, 2025, we declared and approved the final dividends of RMB707.5 million, RMB413.6 million, nil and RMB225.6 million, respectively. See note 31 to "Appendix I — Accountants' Report."

DISTRIBUTABLE RESERVE

As of June 30, 2025, the Company has distributable reserves of RMB5,136.7 million.

DISCLOSURE REQUIRED UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Except as otherwise disclosed in this prospectus, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

RELATED-PARTY TRANSACTIONS

Related party transactions are set out in note 35 to "Appendix I — Accountants' Report." Our Directors confirm that these transactions were conducted in the ordinary and usual course of business and on an arm's length basis.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma statement of adjusted net tangible assets of us is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of us as of June 30, 2025 as if the Global Offering had taken place on June 30, 2025.

The unaudited pro forma statement of adjusted 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 financial position of us had the Global Offering been completed as of June 30, 2025 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of June 30, 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	Note (1)	*Note (2)*		*Note (3)*	*Note (4)*
Based on an Offer Price of HK$132.00 per H Share	15,990,988	3,402,166	19,393,154	28.02	30.89
Based on an Offer Price of HK$162.00 per H Share	15,990,988	4,182,595	20,173,583	29.15	32.14

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as of June 30, 2025 is arrived at after (i) deducting goodwill of RMB617.2 million and intangible assets of RMB654.6 million; and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB22.9 million from the consolidated total equity attributable to equity shareholders of the Company of RMB17,239.9 million as of June 30, 2025, which is extracted from the Accountants' Report as set out in Appendix I in this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the expected issuance of 28,915,800 H Shares and the indicative offer prices of HK$132.00 per H Share (being the minimum Offer Price) and HK$162.00 per H Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other estimated expenses related to the Global offering paid or payable by the Group (excluding the listing expenses charged to profit or loss during the Track Record Period), and do not take into account any H Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Shares that may be issued under the Share Incentive Plans.

For illustrative purpose, the estimated net proceeds of the Global Offering have been converted into RMB at an exchange rate of HK$1 to RMB0.90699. No representation is made that HK$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or at any other rate.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 692,028,799 Shares (being 664,059,190 Shares in issue as at June 30, 2025, deducting repurchased ordinary shares held by the Company and unvested restricted shares under the 2021 Restricted Share Incentive Plan as at June 30, 2025 of 946,191 shares and adding 28,915,800 H Shares to be issued pursuant to the Global Offering) were in issue immediately following the completion of the Global Offering, and does not take into account any H shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Shares that may be issued under the Share Incentive Plans.

(4) The unaudited pro forma adjusted net tangible assets per Share is converted to HK$ with an exchange rate of RMB1 to HK$1.10255. No representation is made that RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at any other rate.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2025.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission and fees incurred in connection with the Listing and the Global Offering. Our listing expenses are estimated to be approximately HK$70.0 million (including underwriting commission) accounting for 1.65% of the gross proceeds of the Global Offering (assuming that an Offer Price of HK$147.00 per Share (being the mid-point of the Offer Price range stated in this prospectus), and no exercise of the Offer Size Adjustment Option and Over-allotment Option). Among our listing expenses, approximately HK$64.5 million is directly attributable to the issuance of Shares and will be charged to equity upon completion of the Listing, and approximately HK$5.5 million has been or will be charged to our consolidated statements of profit or loss and other comprehensive income. The listing expenses we expect to incur would consist of approximately HK$35.7 million underwriting related expenses and fees (including underwriting commissions, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy), approximately HK$26.4 million non-underwriting-related expenses and fees including fees for the Joint Sponsors, legal advisors and reporting accountants and approximately HK$7.9 million for other non-underwriting-related fees and expenses. During the Track Record Period, we incurred RMB15.7 million of listing expenses, among which, RMB15.1 million is directly attributable to the issue of shares and will be deducted from equity upon completion of the Listing and RMB0.6 million was charged to our consolidated statements of profit or loss and other comprehensive income.

The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

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

We are a public company listed on the Shanghai Stock Exchange and we have disclosed unaudited key financial information prepared under PRC GAAP as of and for the nine months ended September 30, 2025 pursuant to the relevant PRC securities laws and regulations. We have included our unaudited interim condensed consolidated financial information prepared in accordance with IAS 34, *Interim Financial Reporting* as of and for the nine months ended September 30, 2025 in Appendix IA to this Prospectus. Our unaudited interim condensed consolidated financial information as of and for the nine months ended September 30, 2025 has been reviewed by our reporting accountant in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.*

Revenue

Our revenue increased by 20.9% from RMB5,649.6 million in the nine months ended September 30, 2024 to RMB6,831.6 million in the nine months ended September 30, 2025, primarily due to an increase in our sales volume.

Cost of Sales

Our cost of sales increased by 19.4% from RMB3,529.1 million in the nine months ended September 30, 2024 to RMB4,214.1 million in the nine months ended September 30, 2025, which was generally in line with the growth of our revenue.

Gross Profit

Our gross profit increased by 23.4% from RMB2,120.5 million in the nine months ended September 30, 2024 to RMB2,617.5 million in the nine months ended September 30, 2025, primarily due to the increase in revenue. Our gross profit margin remained relatively stable at 37.5% and 38.3% in the nine months ended September 30, 2024 and 2025, respectively.

Other Income

Our other income decreased by 3.3% from RMB246.6 million in the nine months ended September 30, 2024 to RMB238.5 million in the nine months ended September 30, 2025, primarily due to the decrease in interest income.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 24.4% from RMB277.6 million in the nine months ended September 30, 2024 to RMB345.3 million in the nine months ended September 30, 2025, primarily due to an increase in salaries, compensations and benefits. As a percentage of our revenue, the selling and distribution expenses remained relatively stable at 4.9% and 5.1% in the nine months ended September 30, 2024 and 2025, respectively.

Administrative Expenses

Our administrative expenses increased by 36.2% from RMB355.0 million in the nine months ended September 30, 2024 to RMB483.7 million in the nine months ended September 30, 2025, primarily due to an increase in salaries, compensations and benefits. As such, as a percentage of our revenue, the administrative expenses increased from 6.3% in the nine months ended September 30, 2024 to 7.1% in the nine months ended September 30, 2025.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB845.9 million and RMB860.0 million in the nine months ended September 30, 2024 and 2025. As a percentage of our revenue, the research and development decreased from 15.0% in the nine months ended September 30, 2024 to 12.6% in the nine months ended September 30, 2025, as a result of our increased revenue in the nine months ended September 30, 2025.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 32.7% from RMB832.1 million in the nine months ended September 30, 2024 to RMB1,104.4 million in the nine months ended September 30, 2025.

Asset and Liabilities

Our total assets increase from RMB19,228.8 million as of December 31, 2024 to RMB20,756.3 million as of September 30, 2025, primarily reflecting our business growth. Our total liabilities decreased from RMB2,550.1 million as of December 31, 2024 to RMB2,356.3 million as of September 30, 2025, primarily due to a decrease in bank loans and accruals and other payables, partially offset by an increase in contract liabilities. As a result, our net assets increased from RMB16,678.8 million as of December 31, 2024 to RMB18,400.0 million as of September 30, 2025.

Cash Flow

In the nine months ended September 30, 2025, we recorded net cash flow generated from operating activities of RMB1,795.6 million, net cash flow used in investing activities of RMB1,041.3 million, and net cash flow used in financing activities of RMB180.4 million.

No Material Adverse Change

Our Directors confirmed that, as of the date of this prospectus, there has been no material adverse change in our financial position since June 30, 2025, and there has been no event since June 30, 2025, that would materially affect the information as set out in the Accountants' Report in Appendix I to this prospectus.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued share capital of the Company was RMB667,849,351, comprising 667,849,351 A Shares of nominal value RMB1.00 each, all of which are listed on the Shanghai Stock Exchange.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue[1]	667,849,351	95.85%
H Shares to be issued pursuant to the Global Offering	28,915,800	4.15%
Total	**696,765,151**	**100.00%**

Note:

(1) Including 603,020 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full, the Over-allotment Option is not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue[1]	667,849,351	95.45%
H Shares to be issued pursuant to the Global Offering	31,807,300	4.55%
Total	**699,656,651**	**100.00%**

Note:

(1) Including 603,020 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option is not exercised, the Over-allotment Option is exercised in full and no additional Shares are issued pursuant to the Share Incentive Plans), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue[(1)]	667,849,351	95.26%
H Shares to be issued pursuant to the Global Offering	33,253,100	4.74%
Total	**701,102,451**	**100.00%**

Note:

(1) Including 603,020 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are exercised in full and no additional Shares are issued pursuant to the Share Incentive Plans), the issued share capital of the Company will be as follows:

	Number of Shares	Approximately % of issued share capital
A Shares in issue[(1)]	667,849,351	94.81%
H Shares to be issued pursuant to the Global Offering	36,578,300	5.19%
Total	**704,427,651**	**100.00%**

Note:

(1) Including 603,020 A Shares held by the Company as treasury shares as of the Latest Practicable Date.

THE SHARES

Upon the completion of the Global Offering, the Shares of the Company will consist of A Shares and H Shares. The A Shares and H Shares are all ordinary Shares in the share capital of the Company. Apart from certain qualified domestic institutional investors in Chinese Mainland, the qualified investors in Chinese Mainland under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (if the H Shares are eligible securities for that purpose) and other persons who are entitled to hold the H Shares pursuant to relevant PRC law or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons in Chinese Mainland.

Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. The A Shares can be traded by investors in Chinese Mainland, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As the A Shares are eligible securities under the Northbound Trading Link, they can also be traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. If the H Shares are eligible securities under the Southbound Trading Link, they can also be traded by investors in Chinese Mainland in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

The A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of the A Shares and H Shares may be different after the Listing. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (H股公司境內未上市股份申請"全流通"業務指引) announced by the CSRC are not applicable to companies dual listed in the PRC and on the Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A Shares held by them into H Shares for listing and trading on the Stock Exchange.

RANKING

The A Shares and H Shares are regarded as one class of Shares under the Articles of Association and shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made after the date of this prospectus.

APPROVAL FROM A SHAREHOLDERS REGARDING THE GLOBAL OFFERING

The Company obtained its A Shareholders' approval to issue H Shares and seek the listing of H Shares on the Stock Exchange at the extraordinary general meeting of the Company held on June 10, 2025. Such approval is subject to the following conditions:

(i) *Size of the offer.* The proposed number of H Shares to be offered shall not exceed 10% 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.

(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 the Company, acceptance of investors and the risks related to the offering, according to international practice, through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(v) *Validity period.* The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date when the Shareholders' meeting was held on June 10, 2025.

There is no other approved offering plan for the Shares except the Global Offering.

GENERAL MEETINGS

For details of circumstance under which general meetings of the Company are required, see "Summary of the Articles of Association — Shareholders and General Meeting" in Appendix III to this prospectus.

SHARE SCHEMES

For details of the Share Incentive Plans, see "Statutory and General Information — Share Incentive Plans" in Appendix IV to this prospectus.

So far as the Directors are aware, immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), the following persons will have an interest or short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company 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 the Company.

Name of Shareholder	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding as of the Latest Practicable Date		Shareholding upon completion of the Global Offering[(1)]	
			in A Shares	in total issued share capital	in A Shares	in total issued share capital
Mr. Zhu Yiming[(2)] . .	Beneficial owner Interest held jointly with other persons	58,811,513 A Shares	8.81%	8.81%	8.81%	8.44%
InfoGrid Limited[(2)(3)].	Beneficial owner Interest held jointly with other persons	58,811,513 A Shares	8.81%	8.81%	8.81%	8.44%

Notes:

(1) The calculation is based on the total number of 696,765,151 Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans).

(2) InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.

(3) As of the Latest Practicable Date, InfoGrid Limited was held by Mr. Shu Qingming as to 82.82%. By virtue of the SFO, Mr. Shu Qingming is deemed to be interested in the Shares that InfoGrid Limited is interested in.

THE CORNERSTONE PLACING

The Company has 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$299.70 million (or approximately HK$2,331.94 million, calculated based on an exchange rate of US$1.00 to HK$7.78090) and exclusive of brokerage fee, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee (the "**Cornerstone Placing**").

Pursuant to paragraph 3.2 of Practice Note 18 to the Listing Rules, at least 40% of the total number of Offer Shares initially offered in the Global Offering must be allocated to investors in the placing tranche (other than the Cornerstone Investors). As the Company is initially offering approximately 10% of the total number of Offer Shares in the Hong Kong Public Offering, no more than 50% of the total number of the Offer Shares initially offered in the Global Offering can be allocated to all Cornerstone Investors (the "**Cornerstone Placing Allocation Limit**"). Each of the Cornerstone Investors has agreed in their respective Cornerstone Investment Agreements that the Company, the Joint Sponsors and the Overall Coordinators shall have the right to, in their sole and absolute discretion, adjust the allocation of the number of Offer Shares to be subscribed for by the relevant Cornerstone Investor to ensure compliance with the Listing Rules, including the Cornerstone Placing Allocation Limit. Accordingly, the Company, the Joint Sponsors and the Overall Coordinators will adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investors in proportion to their respective initial subscription amounts set out in their respective Cornerstone Investment Agreements to ensure compliance with the Cornerstone Placing Allocation Limit in the event that the final Offer Price is set at HK$161.28 or lower, and will disclose the number of the Offer Shares finally allocated to each of the Cornerstone Investors in the allotment results announcement of the Company to be published on or around Monday, January 12, 2026.

Based on the Offer Price of HK$162.00 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 14,394,300 H Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of the Company between the Latest Practicable Date and the Listing.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital
49.78%	2.07%	43.29%	2.05%	45.25%	2.06%	39.35%	2.04%

Based on the Offer Price of HK$147.00 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 14,457,400 H Shares[(1)]. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of the Company between the Latest Practicable Date and the Listing.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital
50.00%	2.07%	43.48%	2.06%	45.45%	2.07%	39.52%	2.05%

Note:

(1) Each of the Cornerstone Investors has agreed in their respective Cornerstone Investment Agreements that the Company, the Joint Sponsors and the Overall Coordinators shall have the right to, in their sole and absolute discretion, adjust the allocation of the number of Offer Shares to be subscribed for by the relevant Cornerstone Investor to ensure compliance with the Listing Rules, including the Cornerstone Placing Allocation Limit. The Company, the Joint Sponsors and the Overall Coordinators will adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investors in proportion to their respective initial subscription amounts set out in their respective Cornerstone Investment Agreements to ensure compliance with the Cornerstone Placing Allocation Limit in the event that the final Offer Price is set at the mid-point of the indicative Offer Price range, and will disclose the number of the Offer Shares finally allocated to each of the Cornerstone Investors in the allotment results announcement of the Company to be published on or around Monday, January 12, 2026.

Based on the Offer Price of HK$132.00 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 14,457,400 H Shares[(1)]. The table below reflects the shareholding percentage immediately after the completion of the Global Offering assuming there is no other change made to the issued share capital of the Company between the Latest Practicable Date and the Listing.

Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital	% of the Offer Shares	% of the total issued share capital
50.00%	2.07%	43.48%	2.06%	45.45%	2.07%	39.52%	2.05%

Note:

(1) Each of the Cornerstone Investors has agreed in their respective Cornerstone Investment Agreements that the Company, the Joint Sponsors and the Overall Coordinators shall have the right to, in their sole and absolute discretion, adjust the allocation of the number of Offer Shares to be subscribed for by the relevant Cornerstone Investor to ensure compliance with the Listing Rules, including the Cornerstone Placing Allocation Limit. The Company, the Joint Sponsors and the Overall Coordinators will adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investors in proportion to their respective initial subscription amounts set out in their respective Cornerstone Investment Agreements to ensure compliance with the Cornerstone Placing Allocation Limit in the event that the final Offer Price is set at the low-end of the indicative Offer Price range, and will disclose the number of the Offer Shares finally allocated to each of the Cornerstone Investors in the allotment results announcement of the Company to be published on or around Monday, January 12, 2026.

The Company believes that the Cornerstone Placing demonstrates the Cornerstone Investors' confidence in the Company and its business prospect, and that the Cornerstone Placing will help raise the profile of the Company. The Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's business partners or the Underwriters in the Global Offering.

The Cornerstone Placing will form part of the International Offering, and, save as otherwise obtained consent from the Stock Exchange, the Cornerstone Investors (for Cornerstone Investor who will subscribe for the Offer Shares through qualified domestic institutional investor(s) (the "**QDII(s)**"), plus the QDII(s)), 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 (for Cornerstone Investor who will subscribe for the Offer Shares through QDII(s), plus the QDII(s)) will rank *pari passu* in all respects with the fully paid H Shares in issue following the Global Offering and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors or their close associates will not, by virtue of their cornerstone investments, have any Board representation in the Company, and none of the Cornerstone Investors and their close associates will become a substantial Shareholder. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights under each of their respective Cornerstone Investment Agreements, as compared with other public Shareholders. There are no side arrangements or agreements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

Among the Cornerstone Investors, DAMSIMF and Taikang Life are either existing minority Shareholders or their respective 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 the Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders and/or their close associates. For further details, see "Waivers and Exemption — Waiver in respect of Allocation of H Shares to Existing Minority Shareholders and Their Close Associates."

To the best knowledge and belief of the Company, (i) each of the Cornerstone Investors (for Cornerstone Investor who will subscribe for the Offer Shares through QDII(s), plus the QDII(s)) is an Independent Third Party; (ii) none of the Cornerstone Investors (for Cornerstone Investor who will subscribe for the Offer Shares through QDII(s), plus the QDII(s)) is accustomed to taking instructions from the Company, the Directors, chief executive, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors (for Cornerstone Investor who will subscribe for the Offer Shares through QDII(s), plus the QDII(s)) is financed by the Company, the Directors, chief executive, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) save for Wind Sabre, each Cornerstone Investor will be utilizing its internal financial resources, financial resources of its shareholders or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and each Cornerstone Investor has sufficient funds to settle its respective investment under the Cornerstone Placing; and (v) each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) is required for the relevant Cornerstone Placing. In addition, to the best knowledge of the Company, save as otherwise disclosed, each of the Cornerstone Investors is independent from each other and makes independent investment decisions.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed for before dealings in the H Shares commence on the Stock Exchange. Some of the Cornerstone Investors have agreed that, the Company, the Joint Sponsors and the Overall Coordinators may in their sole discretion defer the delivery of all or part of the Offer Shares it will subscribe for on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. Where delayed delivery takes place, each of such Cornerstone Investors that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares before the Listing. Accordingly, there will be no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of the Company to be published on or around Monday, January 12, 2026.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

THE CORNERSTONE INVESTORS

The table below sets forth details of the Cornerstone Placing:

Cornerstone Investor	Subscription amount[(1)(2)]	Number of Offer Shares[(3)]	Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		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 issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
	(US$ in millions)									
Based on the Offer Price of HK$132.00 (the low-end of the indicative Offer Price range)										
Yuanfeng Asset Management and HTCI (in connection with the Yuanfeng Asset Management OTC Swaps)	15.10	890,000	3.08%	0.13%	2.68%	0.13%	2.80%	0.13%	2.43%	0.13%
CPE	17.63	1,039,500	3.59%	0.15%	3.13%	0.15%	3.27%	0.15%	2.84%	0.15%
Shanghai Greenwoods and HTCI (in connection with the Greenwoods OTC Swaps)	24.31	1,432,700	4.95%	0.21%	4.31%	0.20%	4.50%	0.20%	3.92%	0.20%
Yunfeng Capital										
New Alternative Limited	20.46	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
New Golden Future Limited	20.46	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
DAMSIMF	20.46	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
CloudAlpha Capital	16.37	964,800	3.34%	0.14%	2.90%	0.14%	3.03%	0.14%	2.64%	0.14%
3W Fund	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%

Cornerstone Investor	Subscription amount(1)(2)	Number of Offer Shares(3)	Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		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 issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
	(US$ in millions)									
HUAQIN TELECOM HONG KONG LIMITED	24.55	1,447,200	5.00%	0.21%	4.35%	0.21%	4.55%	0.21%	3.96%	0.21%
Metazone	16.37	964,800	3.34%	0.14%	2.90%	0.14%	3.03%	0.14%	2.64%	0.14%
Sky Royal Trading Limited	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Green Better	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
New China Asset Management	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Taikang Life	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Summit Ridge	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
ICBC Wealth	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
GBAD Fund Management	8.18	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Wind Sabre	4.09	241,200	0.83%	0.03%	0.73%	0.03%	0.76%	0.03%	0.66%	0.03%
Total	**245.26**	**14,457,400**	**50.00%**	**2.07%**	**43.48%**	**2.06%**	**45.45%**	**2.07%**	**39.52%**	**2.05%**
Based on the Offer Price of HK$147.00 (the mid-point of the indicative Offer Price range)										
Yuanfeng Asset Management and HTCI (in connection with the Yuanfeng Asset Management OTC Swaps)	16.81	890,000	3.08%	0.13%	2.68%	0.13%	2.80%	0.13%	2.43%	0.13%
CPE	19.64	1,039,500	3.59%	0.15%	3.13%	0.15%	3.27%	0.15%	2.84%	0.15%

			Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full	
Cornerstone Investor	Subscription amount(1)(2)	Number of Offer Shares(3)	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
	(US$ in millions)									
Shanghai Greenwoods and HTCI (in connection with the Greenwoods OTC Swaps)	27.07	1,432,700	4.95%	0.21%	4.31%	0.20%	4.50%	0.20%	3.92%	0.20%
Yunfeng Capital										
New Alternative Limited	22.78	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
New Golden Future Limited	22.78	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
DAMSIMF	22.78	1,206,000	4.17%	0.17%	3.63%	0.17%	3.79%	0.17%	3.30%	0.17%
CloudAlpha Capital	18.23	964,800	3.34%	0.14%	2.90%	0.14%	3.03%	0.14%	2.64%	0.14%
3W Fund	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
HUAQIN TELECOM HONG KONG LIMITED	27.34	1,447,200	5.00%	0.21%	4.35%	0.21%	4.55%	0.21%	3.96%	0.21%
Metazone	18.23	964,800	3.34%	0.14%	2.90%	0.14%	3.03%	0.14%	2.64%	0.14%
Sky Royal Trading Limited	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Green Better	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
New China Asset Management	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Taikang Life	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Summit Ridge	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
ICBC Wealth	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%

Cornerstone Investor	Subscription amount(1)(2)	Number of Offer Shares(3)	Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		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 issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
	(US$ in millions)									
GBAD Fund Management	9.11	482,400	1.67%	0.07%	1.45%	0.07%	1.52%	0.07%	1.32%	0.07%
Wind Sabre	4.56	241,200	0.83%	0.03%	0.73%	0.03%	0.76%	0.03%	0.66%	0.03%
Total	**273.14**	**14,457,400**	**50.00%**	**2.07%**	**43.48%**	**2.06%**	**45.45%**	**2.07%**	**39.52%**	**2.05%**
Based on the Offer Price of HK$162.00 (the high-end of the indicative Offer Price range)										
Yuanfeng Asset Management and HTCI (in connection with the Yuanfeng Asset Management OTC Swaps)	18.45	886,100	3.06%	0.13%	2.66%	0.13%	2.79%	0.13%	2.42%	0.13%
CPE	21.55	1,035,000	3.58%	0.15%	3.11%	0.15%	3.25%	0.15%	2.83%	0.15%
Shanghai Greenwoods and HTCI (in connection with the Greenwoods OTC Swaps)	29.70	1,426,500	4.93%	0.20%	4.29%	0.20%	4.48%	0.20%	3.90%	0.20%
Yunfeng Capital										
New Alternative Limited	25.00	1,200,700	4.15%	0.17%	3.61%	0.17%	3.77%	0.17%	3.28%	0.17%
New Golden Future Limited	25.00	1,200,700	4.15%	0.17%	3.61%	0.17%	3.77%	0.17%	3.28%	0.17%
DAMSIMF	25.00	1,200,700	4.15%	0.17%	3.61%	0.17%	3.77%	0.17%	3.28%	0.17%
CloudAlpha Capital	20.00	960,600	3.32%	0.14%	2.89%	0.14%	3.02%	0.14%	2.63%	0.14%
3W Fund	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%

Cornerstone Investor	Subscription amount[(1)(2)]	Number of Offer Shares[(3)]	Assuming the Offer Size Adjustment Option is not exercised				Assuming the Offer Size Adjustment Option is exercised in full			
			Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is exercised in full		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 issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital	Approximate % of the Offer Shares	Approximate % of the issued share capital
	(US$ in millions)									
HUAQIN TELECOM HONG KONG LIMITED	30.00	1,440,900	4.98%	0.21%	4.33%	0.21%	4.53%	0.21%	3.94%	0.20%
Metazone	20.00	960,600	3.32%	0.14%	2.89%	0.14%	3.02%	0.14%	2.63%	0.14%
Sky Royal Trading Limited	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
Green Better	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
New China Asset Management	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
Taikang Life	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
Summit Ridge	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
ICBC Wealth	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
GBAD Fund Management	10.00	480,300	1.66%	0.07%	1.44%	0.07%	1.51%	0.07%	1.31%	0.07%
Wind Sabre	5.00	240,100	0.83%	0.03%	0.72%	0.03%	0.75%	0.03%	0.66%	0.03%
Total	**299.70**	**14,394,300**	**49.78%**	**2.07%**	**43.29%**	**2.05%**	**45.25%**	**2.06%**	**39.35%**	**2.04%**

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) Each of the Cornerstone Investors has agreed in their respective Cornerstone Investment Agreements that the Company, the Joint Sponsors and the Overall Coordinators shall have the right to, in their sole and absolute discretion, adjust the allocation of the number of Offer Shares to be subscribed for by the relevant Cornerstone Investor to ensure compliance with the Listing Rules, including the Cornerstone Placing Allocation Limit. The Company, the Joint Sponsors and the Overall Coordinators will adjust the allocation of the number of Offer Shares to be subscribed for by the Cornerstone Investors in proportion to their respective initial subscription amounts set out in their respective Cornerstone Investment Agreements where necessary based on the final Offer Price and will disclose the number of the Offer Shares finally allocated to each of the Cornerstone Investors in the allotment results announcement of the Company to be published on or around Monday, January 12, 2026.

(3) Rounded down to the nearest whole board lot of 100 H Shares.

The information about the Cornerstone Investors sets forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Yuanfeng Asset Management and HTCI (in connection with the Yuanfeng Asset Management OTC Swaps)

Huatai Capital Investment Limited ("**HTCI**") and Huatai Securities Company Limited ("**HTSC**") will enter into a series of cross border delta-one OTC swap transactions (collectively, the "**Yuanfeng Asset Management OTC Swaps**") with each other and their ultimate client (the "**HTCI Ultimate Client (Yuanfeng Asset Management)**"), pursuant to which HTCI will hold the Offer Shares on a non-discretionary basis to hedge the Yuanfeng Asset Management OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the HTCI Ultimate Client (Yuanfeng Asset Management), subject to customary fees and commissions. The Yuanfeng Asset Management OTC Swaps will be fully funded by the HTCI Ultimate Client (Yuanfeng Asset Management). During the terms of the Yuanfeng Asset Management OTC Swaps, all economic returns of the Offer Shares subscribed by HTCI will be passed to the HTCI Ultimate Client (Yuanfeng Asset Management) and all economic loss shall be borne by the HTCI Ultimate Client (Yuanfeng Asset Management) through the Yuanfeng Asset Management OTC Swaps, and HTCI will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Yuanfeng Asset Management OTC Swaps are linked to the Offer Shares and the HTCI Ultimate Client (Yuanfeng Asset Management) may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into among HTCI, the Company, the Joint Sponsors and the Overall Coordinators, and ending on the date which is six months from the Listing Date, request to terminate the Yuanfeng Asset Management OTC Swaps at their own discretions, upon which HTCI may dispose of the Offer Shares on the secondary market and the Huatai TRS Ultimate Client (Yuanfeng Asset Management) will receive a final settlement amount of the Yuanfeng Asset Management OTC Swaps in cash in accordance with the terms and conditions of the Yuanfeng Asset Management OTC Swaps. Despite that HTCI will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Yuanfeng Asset Management OTC Swaps according to its internal policy. To the best of HTCI's knowledge after having made all reasonable inquiries, the HTCI Ultimate Client (Yuanfeng Asset Management) is an independent third party of (i) the Company, (ii) HTCI, (iii) the Underwriters, and (iv) the companies which are members of the same group of Huatai Financial Holdings (Hong Kong) Limited ("**Huatai**"), and no single ultimate beneficial owner holds 30% or more interests in the HTCI Ultimate Client (Yuanfeng Asset Management).

Both HTCI and Huatai, one of the Joint Sponsors, Overall Coordinators and Underwriters of the Global Offering, are indirect wholly-owned subsidiaries of HTSC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601688), the H shares of which are listed on the Stock Exchange (stock code: 6886), and the global depositary receipts of which are listed on the London Stock Exchange (LON: HTSC). Accordingly, HTCI is a connected client (as defined under Appendix F1 to the Listing Rules) of Huatai, holding securities on a non-discretionary basis on behalf of independent third parties. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to HTCI. See "Waivers and Exemption — Consent in respect of the Proposed Subscription of H Shares by a Cornerstone Investor Who Is a Connected Client."

The HTCI Ultimate Client (Yuanfeng Asset Management) is a domestic private fund managed by Beijing Yuanfeng Asset Management L.L.P. (北京源峰私募基金管理合夥企業(有限合夥)) ("**Yuanfeng Asset Management**") in its capacity as fund manager on a discretionary basis. Established in 2018, Yuanfeng Asset Management is a private securities investment fund manager registered with the Asset Management Association of China (AMAC) and holds investment advisory qualifications. Yuanfeng Asset Management conducts long-term research on sectors including consumer goods, TMT, industrials, healthcare and cyclical industries, and maintains a comprehensive and in-depth understanding of the upstream, midstream, and downstream segments across these industries. Yuanfeng Asset Management leverages professional asset management and is dedicated to delivering substantial returns for investors. As confirmed by Yuanfeng Asset Management, the subscription of the Offer Shares as cornerstone investor will be made by Yuanfeng Asset Management in its capacity as the fund manager of the domestic private fund through total return swap mechanism.

CPE

CPE Greater China Enterprises Growth Fund and CPE Growth Fund #1 (collectively, the "**CPE Funds**") are exempted companies incorporated with limited liability under the laws of the Cayman Islands for an unlimited duration. The CPE Funds are managed by China Pinnacle Equity Management Limited ("**CPE**"), a company incorporated with limited liability in August 2017 in Hong Kong and is licensed to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities under Part V of the SFO with CE number BKY108, on an investment management discretionary basis. It is principally engaged in fund management and the provision of investment advisory services to professional investors as defined under the SFO, including corporations, institutions and high net worth individual investors. CPE holds 100 management shares in the CPE Funds and controls their entire voting rights. Mr. Ni Fei, director of CPE, indirectly holds 30% shares interest in CPE. No single ultimate beneficial owner holds 30% or more interest in each of the CPE Funds.

Shanghai Greenwoods and HTCI (in connection with the Greenwoods OTC Swaps)

HTCI and HTSC will enter into a series of cross border delta-one OTC swap transactions (collectively, the "**Greenwoods OTC Swaps**") with each other and their ultimate clients (the "**HTCI Ultimate Clients (Greenwoods)**"), pursuant to which HTCI will hold the Offer Shares on a non-discretionary basis to hedge the Greenwoods OTC Swaps while the economic risks and returns of the underlying Offer Shares are passed to the HTCI Ultimate Clients (Greenwoods), subject to customary fees and commissions. The Greenwoods OTC Swaps will be fully funded by the HTCI Ultimate Clients (Greenwoods). During the terms of the Greenwoods OTC Swaps, all economic returns of the Offer Shares subscribed by HTCI will be passed to the HTCI Ultimate Clients (Greenwoods) and all economic loss shall be borne by the HTCI Ultimate Clients (Greenwoods) through the Greenwoods OTC Swaps, and HTCI will not take part in any economic return or bear any economic loss in relation to the Offer Shares. The Greenwoods OTC Swaps are linked to the Offer Shares and the HTCI Ultimate Clients (Greenwoods) may, after expiration of the lock-up period beginning from the date of the cornerstone agreement entered into among HTCI, the Company, the Joint Sponsors and the Overall Coordinators, and ending on the date which is six months from the Listing Date, request to terminate the Greenwoods OTC Swaps at their own discretions, upon which HTCI may dispose of the Offer Shares on the secondary market and the Huatai TRS Ultimate Clients (Greenwoods) will receive a final settlement amount of the Greenwoods OTC Swaps in cash in accordance with the terms and conditions of the Greenwoods OTC Swaps. Despite that HTCI will hold the legal title of the Offer Shares by itself, it will not exercise the voting rights attaching to the relevant Offer Shares during the terms of the Greenwoods OTC Swaps according to its internal policy. To the best of HTCI's knowledge after having made all reasonable inquiries, each of the HTCI Ultimate Clients (Greenwoods) is an independent third party of (i) the Company, (ii) HTCI, (iii) the Underwriters, and (iv) the companies which are members of the same group of Huatai, and no single ultimate beneficial owner holds 30% or more interests in each of the HTCI Ultimate Clients (Greenwoods).

Both HTCI and Huatai, one of the Joint Sponsors, Overall Coordinators and Underwriters of the Global Offering, are indirect wholly-owned subsidiaries of HTSC, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601688), the H shares of which are listed on the Stock Exchange (stock code: 6886), and the global depositary receipts of which are listed on the London Stock Exchange (LON: HTSC). HTCI is a connected client (as defined under Appendix F1 to the Listing Rules) of Huatai, holding securities on a non-discretionary basis on behalf of independent third parties. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, its consent under paragraph 1C(1) of Appendix F1 to the Listing Rules to permit us to allocate the Offer Shares to HTCI. See "Waivers and Exemption — Consent in respect of the Proposed Subscription of H Shares by a Cornerstone Investor Who Is a Connected Client."

The HTCI Ultimate Clients (Greenwoods) are certain domestic private funds (including a total of no more than nine funds) managed by Shanghai Greenwoods Asset Management Co., Ltd. (上海景林資產管理有限公司) ("**Shanghai Greenwoods**") in its capacity as fund manager on a discretionary basis. Shanghai Greenwoods is a private fund management company with the registration under the Asset Management Association of China (AMAC). Shanghai

Greenwoods is one of the largest and earliest PRC domestic asset managers mainly specializing in investing into companies in the Greater China region. Shanghai Greenwoods focuses on fundamental research, value investments, and local due diligence. Investors of funds managed by Shanghai Greenwoods include institutional investors and high-net-worth individuals professional investors. Mr. Jiang Jinzhi is the chairman and an ultimate beneficial owner of Shanghai Greenwoods. No other shareholder holds 30% or more interest in Shanghai Greenwoods. As confirmed by Shanghai Greenwoods, the subscription of the Offer Shares as cornerstone investor will be made by Shanghai Greenwoods in its capacity as the fund manager of domestic private funds through total return swap mechanism.

Yunfeng Capital

New Alternative Limited

New Alternative Limited is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Yunfeng Capital Limited, a wholly owned subsidiary of Yunfeng Investments Limited ("**Yunfeng Capital**"). Yunfeng Capital is majority-owned and controlled by Mr. Yu Feng, who is an Independent Third Party. The other minority shareholder is an Independent Third Party.

New Golden Future Limited

New Golden Future Limited is a limited liability company incorporated in the BVI, which is wholly owned by Yunfeng Capital. Yunfeng Capital is majority-owned and controlled by Mr. Yu Feng, who is an Independent Third Party. The other minority stakeholder is an Independent Third Party.

Mr. Yu Feng is the co-founder and chairman of Yunfeng Capital, and the chairman and non-executive director of Yunfeng Financial Group Limited, a company listed on the Stock Exchange (stock code: 376).

DAMSIMF

Dymon Asia Multi-Strategy Investment Master Fund ("**DAMSIMF**") is an investment fund established in the Cayman Islands. The investors in DAMSIMF are Dymon Asia Multi-Strategy Investment Fund and Dymon Asia Multi-Strategy Investment (US) Fund. DAMSIMF is a multi-manager, multi-asset class fund which seeks to generate absolute consistent uncorrelated returns with minimal volatility. Asset classes traded are: FX, Fixed Income/Rates, Equities, Credit and Commodities. DAMSIMF is managed by Dymon Asia Capital (Singapore) Pte. Ltd. ("**DACS**"). DACS is a wholly-owned subsidiary of and directly controlled by Dymon Asia Capital Ltd, whose shareholders Danny Yong and Keith Tan each holds more than 10% interests therein, with Danny Yong having the controlling stake of Dymon Asia Capital Ltd. DACS is headquartered in Singapore with an affiliate in Hong Kong that is licensed by the SFC to carry out Type 9 (asset management) and Type 1 (dealing in securities) regulated activities. Save for an Australian sovereign wealth fund who holds over 30% interest in DAMSIMF, no other single ultimate beneficial owner holds 30% or more interest in DAMSIMF.

CloudAlpha Capital

CloudAlpha Capital Management Limited ("**CloudAlpha Capital**") was founded in 2014 and is now a global-leading hedge fund manager that focuses on investment in technologies. CloudAlpha Capital is headquartered in Hong Kong, with teams also spread across Shenzhen, Shanghai, Taipei, Hsinchu, and Tokyo. CloudAlpha Capital currently manages equity long-short hedge funds with total assets under management of approximately US$2 billion. CloudAlpha Capital is fully controlled by Yang Jin, Wang Yen Kang and Yan Peide, all of whom are Independent Third Parties. CloudAlpha Capital acts as the investment manager to two funds managed by it on a discretionary basis. There is no single investor holding 30% or more interests in the funds.

3W Fund

3W Fund Management Limited ("**3W Fund**") is incorporated in Hong Kong with limited liability and licensed by the SFC to carry out Type 9 (asset management) regulated activity. 3W Fund, which is ultimately wholly owned by Mr. Weiwei Wu, an Independent Third Party, has agreed to procure 3W Global Fund, over which 3W Fund has discretionary investment management power, to subscribe for such number of the Offer Shares. 3W Global Fund pursues to maximize absolute return and seek long-term capital growth primarily through fundamental investment principle with value approach. No single investor holds 30% or more interests in 3W Global Fund.

HUAQIN TELECOM HONG KONG LIMITED

HUAQIN TELECOM HONG KONG LIMITED (華勤通訊香港有限公司), 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.

Metazone

Metazone Link (HK) Limited ("**Metazone**") is a wholly owned subsidiary of TCL Industries Holdings Co., Ltd. TCL Industries Holdings Co., Ltd is a company established under the laws of the PRC, and it is one of the major home appliance and consumer electronics conglomerates with a global presence. Mr. Li Dongsheng is the Chairman and the ultimate beneficial owner of TCL Industries Holdings Co., Ltd.

Sky Royal Trading Limited

Sky Royal Trading Limited is a private company organized and existing under the laws of Hong Kong, which is controlled by Mr. Chen Mingyong. Mr. Chen Mingyong is the founder and chief executive officer of OPPO, a leading consumer electronics manufacturer in the PRC.

Green Better

Green Better Limited ("**Green Better**") is an investment company incorporated in the British Virgin Islands. Green Better is a wholly-owned subsidiary of Xiaomi Corporation, a company listed on the Stock Exchange (stock code: 1810). Xiaomi Corporation is an investment holding company principally engaged in the research, development and sales of smartphones, Internet of things and lifestyle products, the provision of Internet services, the development, manufacturing and sales of smart electric vehicles and investment business in China and other countries or regions.

New China Asset Management

New China Asset Management (Hong Kong) Limited ("**New China Asset Management**"), in its capacity as investment manager acting as agent on behalf of its discretionary accounts owned by New China Life Insurance Company Ltd. (新華人壽保險股份有限公司, "**New China Life Insurance**"), a company dually listed on the Hong Kong Stock Exchange (stock code: 1336.HK) and the Shanghai Stock Exchange (stock code: 601336.SH), has agreed to subscribe for the H Shares of the Company. New China Asset Management was incorporated in Hong Kong with limited liability. New China Asset Management is licensed with the Hong Kong Securities and Futures Commission to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571). New China Asset Management focuses on investments in equity securities, fixed income securities, as well as in a wide range of underlying investment funds. New China Asset Management is held as to 99.4% by New China Life Insurance.

Taikang Life

Taikang Life Insurance Co., Ltd ("**Taikang Life**"), a company incorporated in China, is a wholly owned subsidiary of Taikang Insurance Group Inc. There is no shareholder holding 30% or more in Taikang Insurance Group Inc. Taikang Life provides a full range of personal security and investment and wealth management products and services for individuals and families. The products on offer correspond to the different requirements of customers in terms of market segments such as the children and teenagers, females and high-income population groups. They also meet multidimensional demands regarding health care and accident cover, pensions and wealth management, among others. Taikang Insurance Group Inc. is an insurance and financial service conglomerate focused on insurance, asset management and health and elderly care as main businesses. The Beijing-headquartered company consists of several subsidiaries including Taikang Life, Taikang AMC, Taikang Pension, Taikang Healthcare, Taikang Health, and TK.CN. Its product offering covers life insurance, internet-based financial insurance, enterprise annuity, asset management, health and elderly care, health management and commercial real estate, among others. Taikang Life will be utilizing its internal financial resources as its source of funding for the subscription of the Offer Shares on behalf of itself.

Summit Ridge

Summit Ridge Capital SP ("**Summit Ridge**") is a segregated portfolio (the "**SP**") of S Harmony Investment Fund SPC (the "**SPC**"), a segregated portfolio company incorporated in the Cayman Islands. The SPC operates segregated portfolios whose assets and liabilities are statutorily segregated from each other and from the general assets and liabilities of the SPC. Other than Zhiwei Wang, an Independent Third Party, there is no single ultimate beneficial owner holding 30% or more interests in Summit Ridge.

S Harmony Asset Management Limited ("**S Harmony**") acts as the discretionary investment manager to the SPC's segregated portfolios (including Summit Ridge) pursuant to investment management agreements. S Harmony holds 100% of the management shares of the SPC.

S Harmony is incorporated in Hong Kong and is licensed by the Securities and Futures Commission of Hong Kong to carry out Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities. The ultimate controlling shareholder of S Harmony is Mr. Ding Zhijun (丁志軍).

ICBC Wealth

ICBC Wealth Management Co., Ltd. ("**ICBC Wealth**") was established in May 2019 in Beijing, with a registered capital of RMB16 billion. It is a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited, a company listed on the Shanghai Stock Exchange (stock code: 601398) and the Stock Exchange (stock code: 1398). The business scope of ICBC Wealth is public issuance of wealth management products to the general public, investment and management of entrusted assets for investors; non-public issuance of wealth management products to qualified investors, investment and management of entrusted assets for investors; wealth management advisory and consulting services; and other businesses as approved by the banking regulatory authority under the State Council. ICBC Wealth invests on behalf of 14 wealth management products (the "**Wealth Management Products**") managed by it on a discretionary basis with total assets under management (AUM) amounting to approximately RMB56 billion. The Offer Shares to be subscribed by ICBC Wealth constitute part of the underlying assets of the Wealth Management Products. There is no single ultimate beneficial owner holding 30% or more interests in the Wealth Management Products.

GBAD Fund Management

Mega Prime Development Limited ("**Mega Prime**") is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of GBA Homeland Limited, which in turn is wholly owned by Greater Bay Area Homeland Investments Limited ("**GBAHIL**"). GBAHIL is a company incorporated in Hong Kong with limited liability and is jointly owned by ten shareholders, each of which holds less than 13% equity interest therein.

GBAHIL's business encompasses investment, investment holding and the establishment or management of private equity funds through its subsidiaries to grasp the historical opportunities of the development of Guangdong-Hong Kong-Macao Greater Bay Area, and the construction of an international innovation and technology hub, focusing on technological innovation, industrial upgrading, quality of life, smart city and all other related industries.

Mega Prime subscribes for the Offer Shares through the account managed on a discretionary basis by Greater Bay Area Development Fund Management Limited (大灣區發展基金管理有限公司, "**GBAD Fund Management**"), a company wholly owned by GBAHIL and licensed under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities in Hong Kong.

Wind Sabre

Wind Sabre Fund SPC on behalf of Wind Sabre Opportunities Fund SP ("**Wind Sabre**") is a fund established in the Cayman Islands holding securities on a discretionary basis on behalf of its clients who are Independent Third Parties. Wind Sabre Fund SPC is a Segregated Portfolio Company incorporated in the Cayman Islands with limited liabilities and is an independent third party, and Wind Sabre Opportunities Fund SP is a segregated portfolio of Wind Sabre Fund SPC. Wind Sabre Fund SPC is controlled by Wind Sabre Capital Limited as the investment manager, which is a company incorporated in Hong Kong and licensed to carry out type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. Well Smart Developments Limited, which is wholly owned by Chow Tai Fook (Nominee) Limited, an Independent Third Party, is the only investor who holds 30% or more interest in the fund. No single ultimate beneficial owner holds 30% or more interest in Chow Tai Fook (Nominee) Limited.

Wind Sabre may obtain external financing from a prime broker to finance its subscription of H Shares. The loan(s), if obtained, will be on normal commercial terms after arm's length negotiations. The H Shares to be subscribed for by Wind Sabre will not be charged to such prime broker as security for such loan(s).

CLOSING CONDITIONS

The obligation of each Cornerstone Investor or each QDII (as applicable) to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements for the Hong Kong Public Offering and the International Offering being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the aforesaid Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed upon between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters);

(iii) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares (including the H Shares to be subscribed for by the Cornerstone Investors) as well as other applicable waivers and approvals, and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authorities which prohibits the consummation of the transactions contemplated in the Global Offering or in the respective Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor under the respective Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from (and inclusive of) the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares or any interest in any company or entity holding such Offer Shares that they have purchased pursuant to the relevant Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

OVERVIEW

The Board consists of nine Directors, comprising three executive Directors, one non-executive Director and five independent non-executive Directors. The 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.

DIRECTORS

The following table sets forth the information about the Directors:

Name	Age	Position	Time of joining the Group	Date of appointment as a Director	Roles and responsibilities
Mr. Zhu Yiming (朱一明)	53	Executive Director and chairman of the Board	April 2005	April 6, 2005	Overall strategic planning, business development and enterprise management of the Group
Mr. He Wei (何衛)	58	Executive Director, deputy chairman of the Board and general manager	October 2009	June 10, 2021	Strategic planning and operation management of the Group
Mr. Hu Hong (胡洪)	43	Executive Director and deputy general manager	July 2007	December 16, 2022	Strategic planning and operation management of the Group
Ms. Wen Tian (文恬)	31	Non-executive Director	March 2020	June 10, 2025	Providing advice on the operation and management of the Group
Mr. Zhou Haitao (周海濤)	67	Independent non-executive Director	December 2024	December 16, 2024	Supervising and providing independent opinion and judgment to the Board
Dr. Qian He (錢鶴)	62	Independent non-executive Director	December 2021	December 17, 2021	Supervising and providing independent opinion and judgment to the Board
Ms. Yeung Siuman Shirley (楊小雯)	62	Independent non-executive Director	December 2024	December 16, 2024	Supervising and providing independent opinion and judgment to the Board
Dr. Chen Jie (陳潔)	55	Independent non-executive Director	December 2024	December 16, 2024	Supervising and providing independent opinion and judgment to the Board
Mr. Zheng Xiaodong (鄭曉東)	47	Independent non-executive Director	September 2023	September 12, 2023	Supervising and providing independent opinion and judgment to the Board

None of the Directors and senior management of the Company is related to other Directors or senior management of the Company. Save as disclosed in this section, (i) none of the 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 prospectus; (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 the Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Executive Directors

Mr. Zhu Yiming (朱一明), aged 53, is an executive Director and the chairman of the Board. Mr. Zhu has been a Director and the chairman of the Board since the inception of the Company. He was redesignated as an executive Director on June 10, 2025 with effect from the Listing Date. He is primarily responsible for the overall strategic planning, business development and enterprise management of the Group.

Other than his positions in the Company, Mr. Zhu has been serving as the chairman of the board of directors of CXMT since February 2021, and served as the chief executive officer of CXMT from May 2020 to April 2023. He also served as the chief executive officer of CXMT Memory from July 2018 to April 2023, a director of CXMT Memory from July 2018 to February 2022 and the chairman of the board of directors of CXMT Memory from December 2018 to February 2022.

Mr. Zhu obtained a bachelor's degree in modern applied physics and a master's degree in engineering from Tsinghua University (清華大學) in the PRC in July 1994 and June 1997, respectively, and a master's degree in electronic engineering from the State University of New York at Stony Brook in the United States in May 2000.

Mr. He Wei (何衛), aged 58, is an executive Director, the deputy chairman of the Board and general manager of the Company. Mr. He joined the Group in October 2009 and worked at its operating department until December 2012. He then served as a deputy general manager of the Company from December 2012 to July 2018 and the acting general manager of the Company from July 2018 to April 2023. He was appointed as a Director in June 2021, the deputy chairman of the Board in July 2023 and the general manager of the Company in April 2023, and was redesignated as an executive Director on June 10, 2025 with effect from the Listing Date. He is primarily responsible for the strategic planning and operation management of the Group.

Prior to joining the Group, Mr. He served as the deputy director of the Beijing sales department of Semiconductor Manufacturing International (Beijing) Co., Ltd. (中芯國際集成電路製造(北京)有限公司) from October 2003 to September 2009 and the deputy director of the integrated circuit department of Beijing Institute of Microelectronics Technology (北京微電子技術研究所) from April 1994 to September 2003.

Mr. He obtained a bachelor's degree in material science and a master's degree in engineering from Tsinghua University (清華大學) in the PRC in July 1989 and March 1994, respectively.

Mr. Hu Hong (胡洪), aged 43, is an executive Director and deputy general manager of the Company. Mr. Hu joined the Group in July 2007 and served successively as an engineer, department manager, director and head of business department until October 2022. He was appointed as a deputy general manager of the Company in October 2022 and a Director in December 2022, and was redesignated as an executive Director on June 10, 2025 with effect from the Listing Date. He is primarily responsible for the strategic planning and operation management of the Group.

Mr. Hu obtained a bachelor's degree and a master's degree in electronic science and technology from Tsinghua University (清華大學) in the PRC in July 2005 and July 2007, respectively.

Non-Executive Director

Ms. Wen Tian (文恬), aged 31, is a non-executive Director. Ms. Wen joined the Group in March 2020 and has been serving at the compliance and legal department of the Group since then. She served as the employee representative supervisor of the Company from November 2020 to June 2025, during which she was the chairman of the board of supervisors of the Company from December 2020 to June 2025. Ms. Wen was appointed as an employee representative Director in June 2025 and was redesignated as a non-executive Director on June 10, 2025 with effect from the Listing Date. She is responsible for providing advice on the operation and management of the Group.

Ms. Wen obtained a bachelor's degree in laws from Shanxi University (山西大學) in the PRC in July 2017 and a master's degree in international business and economics laws from the University of New South Wales in Australia in January 2019. She obtained a legal professional qualification issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in April 2021.

Independent Non-Executive Directors

Mr. Zhou Haitao (周海濤), aged 67, has been an independent Director since December 2024 and was redesignated as an independent non-executive Director on June 10, 2025 with effect from the Listing Date. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Zhou has been a partner of ShineWing Certified Public Accountants LLP (信永中和會計師事務所) since December 2009. He was a partner of Zhonghe Zhengxin Accountant Firm (中和正信會計師事務所) from February 2007 to December 2009. Prior to that, Mr. Zhou served as the deputy director accountant of Beijing Zhonglunxin Accountant Firm (北京中倫信會計師事務所) until February 2007 and a certified public accountant of Beijing Longzhou Accountant Firm (北京龍洲會計師事務所) from August 1995 to August 1996. Prior to that, he worked at Beijing Capital Film and Television Cultural Research Institute (北京首都影視文化研究所) and Beijing Institute of Light Industry (北京輕工業學院, now known as Beijing Technology and Business University (北京工商大學)). He has also been serving as an independent director of Harbin Chenglin Technology Co., Ltd. (哈爾濱城林科技股份有限公司) since October 2024, and served as an independent director of Aimer Co., Ltd. (愛慕股份有限公司, 603511.SH) from May 2023 to February 2024.

Mr. Zhou obtained a bachelor's degree in mechanical design and manufacturing from Beijing Institute of Light Industry in the PRC in July 1984. He has been a member of the Chinese Institute of Certified Public Accountants since June 1999.

Mr. Zhou previously served as a supervisor of Zhongbao Assets Evaluation Co., Ltd. (中保資產評估有限公司, "**Zhongbao Assets Evaluation**") immediately prior to the revocation of its business license on January 25, 2019 due to its cessation of operations. Mr. Zhou has confirmed that (i) Zhongbao Assets Evaluation was solvent immediately prior to the revocation of its business license; (ii) Mr. Zhou has not incurred any liability as a result of such revocation; and (iii) Mr. Zhou is not aware of any actual or potential claim that has been or will be made against him as a result of such revocation.

Dr. Qian He (錢鶴), aged 62, has been an independent Director since December 2021 and was redesignated as an independent non-executive Director on June 10, 2025 with effect from the Listing Date. He is responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Qian has been teaching at Tsinghua University (清華大學) since January 2009, and is currently a tenured professor of the School of Integrated Circuits of Tsinghua University. Prior to that, he served as the director of Samsung Semiconductor (China) Research Institute (三星半導體(中國)研究所) from June 2006 to December 2008 and worked at Institute of Microelectronics of the Chinese Academy of Sciences (中國科學院微電子研究所) from December 1990 to May 2006, with his last position as its director. Dr. Qian has also been an independent director of Beijing Memblaze Technology Co., Ltd. (北京憶恒創源科技股份有限公司) since June 2021 and GRINM Semiconductor Materials Co., Ltd. (有研半導體硅材料股份公司, 688432.SH) since May 2021.

Dr. Qian obtained a bachelor's degree in semiconductor, a master's degree in semiconductor physics and devices and a doctoral degree in engineering from Xi'an Jiaotong University (西安交通大學) in the PRC in July 1984, July 1987 and December 1990, respectively.

Ms. Yeung Siuman Shirley (楊小雯), aged 62, has been an independent Director since December 2024 and was redesignated as an independent non-executive Director on June 10, 2025 with effect from the Listing Date. She is responsible for supervising and providing independent opinion and judgment to the Board.

Ms. Yeung has been the chairman of the board of directors and founding and managing partner of Dragonrise Capital Advisors (HK) Limited (龍騰資本有限公司) since October 2004. She has also been the chairman of the board of directors and founding and managing partner of Nanjing Longjun Investment Management Co., Ltd. (南京龍駿投資管理有限公司) and Suzhou Longrui Venture Capital Management Co., Ltd. (蘇州龍瑞創業投資管理有限公司) since April 2014 and December 2009, respectively. Ms. Yeung has also been an independent non-executive director of Shenwan Hongyuan Group Co., Ltd. (申萬宏源集團股份有限公司, 000166.SZ, 6806.HK) since November 2020.

Ms. Yeung obtained a master's degree in business administration from Yale University in the United States in May 1993.

Dr. Chen Jie (陳潔), aged 55, has been an independent Director since December 2024 and was redesignated as an independent non-executive Director on June 10, 2025 with effect from the Listing Date. She is responsible for supervising and providing independent opinion and judgment to the Board.

Dr. Chen has been working at the Institute of Law of the Chinese Academy of Social Sciences (中國社會科學院法學研究所) since September 2004, and is currently the director of its commercial law research department, a researcher, professor and doctoral supervisor of the University of Chinese Academy of Social Sciences (中國社會科學院大學). Dr. Chen has also been an independent director of Deppon Logistics Co., Ltd. (德邦物流股份有限公司, 603056.SH) since September 2022 and an independent non-executive director of China Life Insurance Company Limited (中國人壽保險股份有限公司, 601628.SH, 2628.HK) since July 2022.

Dr. Chen obtained a bachelor's degree in laws from East China College of Political Science and Law (華東政法學院, now known as East China University of Political Science and Law (華東政法大學)) in the PRC in July 1992, and a master's degree and a doctoral degree in laws from Peking University (北京大學) in the PRC in July 1999 and July 2002, respectively. She also conducted post-doctoral research at the Chinese Academy of Social Sciences (中國社會科學院) in the PRC from September 2002 to September 2004.

Dr. Chen previously served as a director of Beijing Fayi Bookstore Co., Ltd. (北京法意書店有限公司, "**Fayi Bookstore**") immediately prior to the revocation of its business license on November 23, 2011 due to its cessation of operations. Dr. Chen has confirmed that (i) Fayi Bookstore was solvent immediately prior to the revocation of its business license; (ii) Dr. Chen has not incurred any liability as a result of such revocation; and (iii) Dr. Chen is not aware of any actual or potential claim that has been or will be made against her as a result of such revocation.

Mr. Zheng Xiaodong (鄭曉東), aged 47, has been an independent Director since September 2023 and was redesignated as an independent non-executive Director on June 10, 2025 with effect from the Listing Date. He is responsible for supervising and providing independent opinion and judgment to the Board.

Mr. Zheng has been a managing partner of Beijing Jincheng Tongda & Neal Law Firm (北京金誠同達律師事務所) since December 2009. Prior to that, he served as a counsel of Norton Rose Fulbright and an associate of T&C Law Firm (浙江天冊律師事務所). Mr. Zheng served as an independent director of Beijing Foyou Pharma Co., Ltd. (北京福元醫藥股份有限公司, 601089.SH) from June 2019 to May 2025 and Rongsheng Petro Chemical Co., Ltd. (榮盛石化股份有限公司, 002493.SZ) from May 2019 to May 2025, respectively.

Mr. Zheng obtained a bachelor's degree in laws from Zhejiang University (浙江大學) in the PRC in June 2002 and a master's degree in maritime law from the University of Southampton in the United Kingdom in March 2004. Mr. Zheng obtained a legal professional qualification issued by the Ministry of Justice of the PRC (中華人民共和國司法部) in February 2006.

SENIOR MANAGEMENT

The following table provides information about members of the senior management of the Company:

Name	Age	Position	Time of joining the Group	Date of appointment as a member of senior management	Roles and responsibilities
Mr. He Wei (何衛)	58	Executive Director, deputy chairman of the Board and general manager	October 2009	December 19, 2012	Strategic planning and operation management of the Group
Mr. Hu Hong (胡洪)	43	Executive Director and deputy general manager	July 2007	October 27, 2022	Strategic planning and operation management of the Group
Ms. Sun Guijing (孫桂靜)	50	Deputy general manager and finance director	April 2010	December 17, 2021	Financial operations and funds management of the Group
Mr. Li Baokui (李寶魁)	45	Deputy general manager	November 2011	October 27, 2022	Product design and research and development of the Group

Name	Age	Position	Time of joining the Group	Date of appointment as a member of senior management	Roles and responsibilities
Ms. Dong Lingyan (董靈燕)	30	Board secretary and joint company secretary	June 2024	December 16, 2024	Corporate governance, capital operation, information disclosures, investor relations and securities affairs of the Group

For the biographies of Mr. He Wei and Mr. Hu Hong, see "— Directors — Executive Directors" above.

Ms. Sun Guijing (孫桂靜), aged 50, is a deputy general manager and the finance director of the Company. Ms. Sun joined the Group in April 2010 as the head of accounting department of the Company until November 2021, and was appointed as a deputy general manager and the finance director of the Company in December 2021. She is primarily responsible for the financial operations and funds management of the Group.

Ms. Sun obtained a bachelor's degree in enterprise management from Tianjin Normal University (天津師範大學) in the PRC in July 1999 and an EMBA degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in November 2024. Ms. Sun obtained an intermediate accountant qualification issued by the MOF in May 2007.

Mr. Li Baokui (李寶魁), aged 45, is a deputy general manager of the Company. Mr. Li joined the Group in November 2011. He served as the director of MCU chip design until October 2022, and has been serving as the head of MCU business unit since March 2022 and a deputy general manager of the Company since October 2022. He is primarily responsible for the product design and research and development of the Group.

Prior to joining the Group, Mr. Li served as the manager of IC design department of Actions Microelectronics Co., Ltd. (炬力北方微電子有限公司) from February 2006 to December 2011.

Mr. Li obtained a bachelor's degree in information engineering from Zhejiang University (浙江大學) in the PRC in June 2003, a master's degree in microelectronics and solid state electronics from Tianjin University (天津大學) in the PRC in March 2006, and an EMBA degree in business administration from China Europe International Business School (中歐國際工商學院) in the PRC in April 2025.

Ms. Dong Lingyan (董靈燕), aged 30, is the Board secretary and joint company secretary of the Company. Ms. Dong joined the Group in June 2024 as the head of investor relations, and was appointed as the Board secretary of the Company in December 2024. She is primarily responsible for the corporate governance, capital operation, information disclosures, investor relations and securities affairs of the Group.

Prior to joining the Group, Ms. Dong worked at Cephei Investment Consulting (Beijing) Co., Ltd. (潤暉投資諮詢(北京)有限公司) from February 2020 to June 2024, serving successively as an industry researcher, investment manager and assistant vice president. Prior to that, she also served as the research assistant of the research department of China International Capital Corporation Limited (中國國際金融股份有限公司, 601995.SH, 3908.HK) from July 2017 to February 2020.

Ms. Dong obtained a bachelor's degree in accounting from Guanghua School of Management of Peking University (北京大學光華管理學院) in the PRC in June 2017.

JOINT COMPANY SECRETARIES

Ms. Dong Lingyan (董靈燕) has been appointed as the joint company secretary of the Company. See "— Senior Management" above for her biography.

Ms. Wong Wai Yee, Ella (黃慧兒) has been appointed as the joint company secretary of the Company. Ms. Wong is a director of Company Secretarial Services of Vistra Group. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries, "**HKCGI**") and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from HKCGI.

OTHER INFORMATION

Rule 3.09D of the Listing Rules

Each of the 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) that he or she had 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 were no other factors that may affect his or her independence at the time of his or her appointments.

Rule 8.10(2) of the Listing Rules

Each of the Directors (other than the independent non-executive Directors) confirms that as of the Latest Practicable Date, he or she was not interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business under Rule 8.10(2) of the Listing Rules.

Resignation of Directors

On December 16, 2024, Ms. Li Hong (李紅), Mr. Zhang Kedong (張克東) and Mr. Liang Shangshang (梁上上) resigned as Directors as their terms of office in the fourth session of the Board expired on the same date. There is no disagreement between/among each of Ms. Li Hong, Mr. Zhang Kedong and Mr. Liang Shangshang and the Group, and there is no matter in relation to their resignation that is required to be bought to the attention of the Stock Exchange and prospective investors.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of the Group and provide advice and comments to the Board. The Audit Committee comprises Mr. Zhou Haitao, Dr. Qian He and Ms. Yeung Siuman Shirley, with Mr. Zhou Haitao (being the independent non-executive Director with appropriate professional qualifications) as the chairperson.

Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Dr. Qian He, Dr. Chen Jie and Mr. Zheng Xiaodong, with Dr. Qian He as the chairperson.

Remuneration and Appraisal Committee

The Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to the Directors and other senior management. The Remuneration and Appraisal Committee comprises Dr. Chen Jie, Mr. Zheng Xiaodong and Mr. Zhou Haitao, with Dr. Chen Jie as the chairperson.

Strategy and Sustainable Development Committee

The Board has established the Strategy and Sustainable Development Committee with written terms of reference. The primary duties of the Strategy and Sustainable Development Committee are to make recommendations to the Board on the Group's long-term development strategies, major decisions, sustainable development and ESG affairs. The Strategy and Sustainable Development Committee comprises Mr. Zhu Yiming, Dr. Qian He and Ms. Yeung Siuman Shirley, with Mr. Zhu Yiming as the chairperson.

Corporate Governance Code

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Company intends to comply with the code provisions in Part 2 of the Corporate Governance Code after the Listing.

Board Diversity

The Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. The 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 its competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, 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.

The Board currently consists of three female and six male Directors ranging from 31 to 67 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to relevant industry experience. They obtained degrees in various majors including electronic engineering, material science, semiconductor and laws. Taking into account the Group's existing business model and specific needs, as well as the diverse background of the Directors, the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. The Nomination Committee will monitor and evaluate the implementation of the board diversity policy from time to time to ensure its ongoing effectiveness, and will propose any necessary amendments as required, recommending such amendments to the Board for consideration and approval. The Nomination Committee will also include a summary of the board diversity policy in the annual reports.

REMUNERATION

The Directors and senior management of the Company receive their remuneration in the form of basic annual payments and performance-related annual payments, including fees, salaries, share-based compensation 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 of the Directors amounted to RMB29.2 million, RMB16.6 million, RMB34.3 million and RMB13.3 million, respectively. None of the Directors waived or agreed to waive any emolument during the Track Record Period.

Under the arrangements in force as of the date of this prospectus, the Company estimates the total remuneration payable to, and benefits in kind receivable by, the Directors by the Group for the year ending December 31, 2025 to be approximately RMB29.9 million.

The five highest paid individuals of the Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025 included five, three, three and three Directors, respectively. During the same years/period, the aggregate amount of remuneration of the five highest paid individuals was RMB28.4 million, RMB19.7 million and RMB43.6 million and RMB17.8 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or received by, the Directors, former Directors or the five highest paid individuals for the loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Save as disclosed above, no other payments have been made or are payable by the Group to the Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

The Company has appointed Altus Capital Limited as the Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules. The Compliance Advisor will provide the Company 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 Advisor will, amongst other things, advise the Company in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues sales or transfers of treasury shares and share repurchases;

(iii) where the Group proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, development or results of the Group deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of appointment of the Compliance Advisor shall commence on the Listing Date and is expected to end on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing.

FUTURE PLANS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK$147.00 per H Share (being the midpoint of the range of the Offer Price stated in this prospectus), we estimate that we will receive net proceeds of approximately HK$4,180.7 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). We intend to use our proceeds for the purposes and in the amounts set forth below.

- approximately 40.0%, or HK$1,672.3 million, will be used for continuous enhancement of our R&D capabilities. R&D is important for maintaining our market position and supporting the long-term growth of our business by enabling us to respond effectively to the evolving needs of downstream applications. Strengthening our R&D capabilities will enable us to drive continuous product iteration and technological innovation, further enrich and optimize our product portfolio, capitalize on the opportunities arising from AI development, and strategically expand into emerging markets, thereby supporting the sustained expansion of our business. See "Business — Our Strategies — Advancing Technological Innovation, Broadening Product Portfolio and Expanding into Emerging Fields." In particular,

    o approximately 29.0%, or HK$1,212.4 million, will be used for the further enhancement and expansion of our R&D teams. In particular, we plan to recruit approximately 1,500 additional talents in total in the next five years, especially in areas including designs of MCU, automotive-grade Flash and customised storage solutions, and high-speed interconnect interfaces, to strengthen our competitive advantages in the specialty memory chips and high-performance MCU market and enable us to better capture the growth opportunities presented by AI-driven applications. The annual salaries for those R&D personnel is expected to range from approximately HK$350,000 to HK$1.1 million depending on their working experience and seniority of the positions; and

    o approximately 11.0%, or HK$459.9 million, will be used for the procurement of engineering materials and services and enhancement of our R&D infrastructure. In particular, we plan to (i) procure engineering materials, services and software, such as engineering sample chips, tape-out by foundries and EDA; and (ii) enhance our R&D infrastructure through procurement of R&D equipment, such as test machine, sorting machine and probe stations.

- approximately 35.0%, or HK$1,463.2 million, will be used for the strategic and industry-related investment and acquisition. Alongside organic growth, we aim to continue to selectively pursue strategic and industry-related partnerships, investments and acquisitions in both Chinese Mainland and overseas that can enhance our overall competitiveness and fuel our sustainable growth. The focus of our strategic investments and acquisitions would be on IC design companies specialized in areas such as analog chips, SoC or other promising ICs aligned with industry development trends, especially associated with edge AI and automobile. We intend to select potential targets capable of demonstrating synergies with our existing business, enriching our product portfolio and/or strengthening our technological capabilities, with estimated valuation ranging from RMB500 million to RMB3,000 million and annual revenue ranging from RMB200 million to RMB1,000 million depending on the market condition and availability of the targets. According to the Frost & Sullivan, the suitable targets are generally available in the market. See "Business — Our Strategies — Pursuing External Growth Through Strategic and Industry-related Partnerships, Investments and Acquisitions." As of the Latest Practicable Date, we have not identified any target of potential acquisition.

- approximately 9.0%, or HK$376.3 million, will be used for our global strategic expansion and strengthening our global presence, including the enhancement of our global marketing and service network. See "Business — Accelerate Our Globalization to Build a World-Class Technology Brand." In particular, we plan to (i) promote the establishment of our overseas headquarter in Singapore to expand in overseas sales in countries, such as Southeast Asia, Japan, America and Europe, integrate global resources and enhance our brand recognition worldwide, which is expected to service as a strategic overseas operating headquarter in the long term. Our headquarters in Chinese Mainland and Singapore have different strategic focuses. The Chinese Mainland headquarters serves as the headquarters for the Group. The Singapore headquarters serves as the overseas headquarters, and is responsible for our international strategy, overseeing and expanding overseas sales in regions such as Southeast Asia, Japan, the Americas and Europe. This division of strategic focus allows us to address the unique needs and opportunities of both domestic and global markets more effectively in complex and changing market condition. We have established strong relationships with certain local suppliers in Singapore, taking advantage of its well-developed industrial ecosystem. By setting up our overseas operating headquarter in Singapore, we can further leverage these local strengths to support our international growth. We will continue to expand and diversify our overseas supply chain to enhance our supply chain stability, positioning us to better expand into global markets. Specifically, we plan to establish a dedicated team at our overseas headquarters in Singapore, covering various functions such as sales, administration, human resources and technical support. We anticipate that the annual operating expenses of the overseas headquarters will be approximately HK$90 million. We have obtained necessary approvals from competent authorities to operate the overseas headquarters in

Singapore; (ii) enhance our marketing efforts through advertising and promotional activities including sponsoring or participating in industry exhibitions and organizing product launch events, and (iii) expand our overseas sales and service network across countries including the United States, South Korea, Japan, the United Kingdom, Germany and Singapore, through deep collaboration with localized teams and channel partners to provide customers with rapid response and customized services.

- approximately 6.0%, or HK$250.8 million, will be used for the improvement of operational efficiency. See "Business — Our Strategies — Fully Embrace AI to Seize the Unprecedented Opportunities in Industry Development." In particular, we plan to (i) establish AI-enabled management systems, such as EDA AI design, AI code generation, AI agent development and AI-powered office solutions, through the combination of self-development and procurement of software available in the market to comprehensively enhance the operational efficiency, enabling in-depth data analysis and intelligent decision-making. For example, by implementing AI-powered office solutions, we expect to improve the efficiency of daily meetings, communications, document management and other collaborative office scenarios; and (ii) implement digitalized management systems through procurement of mature software for our R&D and supply chain operations to strengthen end-to-end coordination and responsiveness.

- approximately 10.0%, or HK$418.1 million, will be used for working capital and other general corporate purposes.

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK$430.2 million, respectively. If we make an upward or downward offer price adjustment to set the final Offer Price to be above or below the mid-point of the Offer Price range, we will increase or decrease 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 and the Offer Size Adjustment Option were exercised in full would be (i) HK$1,231.2 million (assuming an Offer Price of HK$162.00 per H Share, being the maximum Offer Price of the indicative Offer Price range), (ii) HK$1,117.2 million (assuming an Offer Price of HK$147.00 per H Share, being the mid-point of the indicative Offer Price range) and (iii) HK$1,003.2 million (assuming an Offer Price of HK$132.00 per H Share, being the minimum Offer Price of the indicative Offer Price range). We intend to apply the additional net proceeds to the above uses on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit such proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
Huatai Financial Holdings (Hong Kong) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 2,891,600 Hong Kong Offer Shares and the International Offering of initially 26,024,200 International Offering Shares, subject to, in each case, reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus, the Offer Size Adjustment Option as well as 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, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares (including any additional H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval not having been subsequently revoked prior to the commencement of trading of the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by written notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(i) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent authority in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, Taiwan, South Korea, or other jurisdictions relevant to the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation, equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or

(c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed)) in or affecting any of the Relevant Jurisdictions; or

(d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the 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

(e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(f) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of a supplement or amendment to 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

(g) the commencement by any authority of any public action or investigation against a Group Company or a Director or a senior management member of the Company as named in this prospectus or announcing an intention to take any such action; or

(h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of the Group 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

(i) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(j) 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

(k) 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 (as defined in the Hong Kong Underwriting Agreement) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws; or

(l) 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 Director or senior management members as named in this prospectus; or

(m) any contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or

(n) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus, or

(o) 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;

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); or (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 the Global Offering to be performed or implemented as envisaged, or for 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 (as defined in the Hong Kong Underwriting Agreement); 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

(ii) there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:

(p) any statement made by or on behalf of the Company contained in any of the Offering Documents, the CSRC Filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding names, logos, addresses and qualifications of the Joint Sponsors, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or any of them for inclusion therein) (the "**Global Offering Document(s)**") was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions; or

(q) 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; or

(r) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(s) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) ("**Indemnifying Parties**") pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(t) any material breach of any of the obligations or undertakings imposed upon the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(u) 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

(v) 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

(w) the 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

(y) any expert named in this prospectus (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

(z) 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

(aa) 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,

(bb) that a material portion of the orders placed or confirmed in the bookbuilding process have been withdrawn, terminated or cancelled, or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise,

then, in each case, the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not issue any further Shares or securities convertible into equity securities of the Company (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the exercise of the Offer Size Adjustment Option and the Over-allotment Option or for the circumstances permitted under Rule 10.08 of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by the Company

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option) or pursuant to the Share Incentive Plans, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), the Company has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries not and to procure each other member of the Group not to without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, 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 Shares or other securities of the Company, as applicable, 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 other securities of the Company, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of the Company, as applicable or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above.

In each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

In the event that during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Hong Kong Underwriters' interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, save as disclosed in this prospectus, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offering Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering" in this prospectus.

Offer Size Adjustment Option

Our Company has an Offer Size Adjustment Option which will allow the Company to, upon signing of the International Underwriting Agreement, issue up to an aggregate of 2,891,500 additional Offer Shares, representing approximately 10% of the Offer Shares initially offered under the Global Offering at the Offer Price to cover excess demand in the International Offering. The Offer Size Adjustment Option provides flexibility for the Company to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand. Further details are set out in the section headed "Structure of the Global Offering — Offer Size Adjustment Option" in this prospectus.

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 4,337,300 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering (assuming the Offer Size adjustment Option is not exercised at all) or up to an aggregate of 4,771,000 H Shares, representing not more than 15% of the number of Offer Shares available under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option" in this prospectus.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 0.4% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the "**Fixed Fees**"), out of which they will pay any sub-underwriting commissions and other fees.

In addition, the Company may, at its sole discretion, pay to any one or more of the Underwriters and the Capital Market Intermediaries a discretionary incentive fee of an aggregate of up to 0.4% of the Offer Price for each Offer Share to be issued by the Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) (the "**Discretionary Fees**"). The ratio of the Fixed Fees and Discretionary Fees payable is therefore approximately 50:50 (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, and such commission will be paid to the relevant International Underwriters.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$69.96 million (based on the mid-point of the indicative price range for the Global Offering and assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised at all).

Indemnity

The Company has agreed to indemnify the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have their underlying assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be converted from Unlisted Shares and issued as mentioned in this prospectus.

28,915,800 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 2,891,600 Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 26,024,200 Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "— The International Offering" in this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offering Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 4.15% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans. If the Over-allotment Option is exercised in full, the Offer Shares (including Shares issued pursuant to the full exercise of the Over-allotment Option) will represent approximately 4.74% of the total Shares in issue (assuming the Offer Size Adjustment Option is not exercised at all) or approximately 5.19% of the total Shares in issue (assuming the Offer Size Adjustment option is exercised in full) immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 2,891,600 Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.42% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B (with any odd lots being allocated to pool A). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to valid applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to valid applicants who have applied for Hong Kong

Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,445,800 Hong Kong Offer Shares (being 50% of the 2,891,600 Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Overall Coordinators. Subject to the allocation cap described in the subsequent paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Overall Coordinators will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, then up to 1,445,700 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 4,337,300 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering (before exercise of the Offer Size Adjustment Option and the Over-allotment Option), and the final Offer Price shall be fixed at HK$132.00 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

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 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.

In the event that both the Hong Kong Public Offering and International Offering are undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

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 Monday, January 12, 2026.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offering Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offering Shares under the International Offering.

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the Offer Price of HK$162.00 per Offer Share in addition to the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$16,363.38 for one board lot of 100 Shares. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 26,024,200 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 3.74% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing of the Global Offering" in this section and 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. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (on behalf of the International Underwriters) may require any investor who has been offered 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 applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the reallocation arrangement described in "— The Hong Kong Public Offering — Reallocation" in this section above, the exercise of the Offer Size Adjustment Option and 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.

OFFER SIZE ADJUSTMENT OPTION

In order to provide flexibility for the Company to increase the number of Offer Shares available for purchase under the International Offering to cover additional market demand, the Company has an Offer Size Adjustment Option which will allow the Company to, upon signing of the International Underwriting Agreement, issue up to an aggregate of 2,891,500 additional Offer Shares (representing approximately 10% of the Offer Shares initially offered under the Global Offering) at the Offer Price to cover excess demand in the International Offering.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.41% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

In considering whether to exercise the Offer Size Adjustment Option, the Company and the Overall Coordinators will take into account a number of factors, including, among other things:

(i) whether the level of interest expressed by prospective professional and institutional investors during the book-building process under the International Offering is sufficient to cover:

a. the total number of Offer Shares, which represents the aggregate of the Offer Shares initially available under the Global Offering and the additional Offer Shares upon any exercise of the Offer Size Adjustment Option; and

b. the corresponding number of Shares under the Over-allotment Option;

(ii) the prices at which prospective professional and institutional investors have indicated they would be prepared to acquire the Offer Shares in the course of the book-building process;

(iii) the quality of investors, with a view to establishing a solid professional institutional and investor shareholder base to the benefit of the Company and its Shareholders as a whole; and

(iv) general market conditions.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option (the "Original Subscribers")	**Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option**	**Number of H Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option in full**	**Approximate percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option in full**
28,915,800	4.15%	31,807,300	4.55%

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm in the announcement that, if the Offer Size Adjustment Option has not been exercised by then, the Offer Size Adjustment Option has lapsed and cannot be exercised on any future date.

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 (for itself and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators at their sole and absolute discretion (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 4,337,300 additional Shares, representing not more than 15.0% of the total number of Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised at all) or up to an aggregate of 4,771,000 H Shares, representing not more than 15.0% of the number of Offer Shares available under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.62% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 0.68% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of the Company; (b) may be discontinued at any time; and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, being 4,337,300 Shares, which is approximately 15.0% of the Offer Shares initially available under the Global Offering (assuming the Offer Size Adjustment Option is not exercised at all) or 4,771,000 Shares, which is approximately 15.0% of the Offer Shares available under the Global Offering (assuming the Offer Size Adjustment Option is exercised in full).

Stabilization action will be entered into in accordance with the laws, rules and regulations in place in Hong Kong. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares; (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases, and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

(d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, February 7, 2026, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the H Shares cannot be assured to stay at or above the Offer Price either during or after the stabilization period by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 4,337,300 Shares, representing up to approximately 15.0% 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 before the Listing Date.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, or by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING

Determining the Pricing of the Offer Shares

The Offer Price for the purposes of the various offerings under the Global Offering will be fixed between the Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, January 9, 2026 (Hong Kong time), and the allocation of the International Offer Shares under the International Offering 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=603986&STOCK_CODE=603986), and the Offer Price will not be more than HK$162.00. The historical prices of our A Shares and trading volume on Shanghai Stock Exchange are set out below.

Period	High	Low	ADTV[(1)]
	(RMB)	*(RMB)*	*(A Shares)*
Year ended December 31, 2022	178.9	77.5	11,760,581
Year ended December 31, 2023	143.2	88.4	14,168,899
Year ended December 31, 2024	117.5	55.2	21,026,927
Year of 2025 (up to the Latest Practicable Date)	254.4	98.6	28,876,287

Note:

(1) Average daily trading volume ("**ADTV**") represents daily average number of the A Shares of the Company traded over the relevant period.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results."

Price Payable on Application

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum Offer Price of HK$162.00 per each Hong Kong Offer Share (plus 1% brokerage, 0.0027% SFC transaction levy, 0.00565% Stock Exchange trading fee and 0.00015% AFRC transaction levy). If the Offer Price is less than HK$162.00, appropriate refund payments (including the brokerage, SFC transaction levy, the Hong Kong Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies, without any interest) will be made to successful applicants (subject to application channels).

If, for any reason, our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) is unable to reach agreement on the Offer Price by 12:00 noon on Friday, January 9, 2026, the Global Offering will not proceed and will lapse.

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Overall Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and the Company at **www.gigadevice.com**, notices of the reduction. Upon issue of such a notice, the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Overall Coordinators, for themselves and on behalf of the Underwriters, and our Company, will be fixed within such a revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in the prospectus and any other financial information which may change materially as a result of such reduction. Our Company will also, as soon as practicable following the decision to make such change, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price. The Global Offering must first be canceled and subsequently relaunched on FINI pursuant to the supplemental prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators, for themselves and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators (for themselves and on behalf of the Underwriters) may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on Monday, January 12, 2026 on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.gigadevice.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on, among other things:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the commencement of trading of the H Shares on the Stock Exchange;

(b) the Offer Price having been agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among 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 dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published on the websites of the Company and the Stock Exchange at **www.gigadevice.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Tuesday, January 13, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, January 13, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, January 13, 2026.

The H Shares will be traded in board lots of 100 Shares each and the stock code of the H Shares will be 3986.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG PUBLIC OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offer and below are the procedures for application.

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

The contents of this prospectus 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 18 years of age or older; and
- have a Hong Kong address *(for the **HK eIPO White Form** service only)*.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder or close associates; or
- are a Director or any of his/her close associates.

2. Application Channels

The Hong Kong Public Offer period will begin at 9:00 a.m. on Wednesday, December 31, 2025 and end at 12:00 noon on Thursday, January 8, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
HK eIPO White Form service	**www.hkeipo.hk**	Investors who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, December 31, 2025 to 11:30 a.m. on Thursday, January 8, 2026, Hong Kong time. The latest time for completing full payment of application monies will be 12:00 noon on Thursday, January 8, 2026, Hong Kong time.
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instruction.	Investors who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **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 payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **HK eIPO White Form** service, you are deemed to have authorized the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through HKSCC EIPO channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offer.

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

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **HK eIPO White Form** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong Address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card. The number of joint applicants may not exceed four. If you are a firm, the applicant must be in the individual members' names.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for shares in a public offer. Similarly for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii), the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through HKSCC EIPO channel, and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have discretion to consider whether to accept it on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	100 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$162.00 per H Share.

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. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the HKSCC EIPO channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the Designated Bank for your broker or custodian.

If you are applying through the **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.

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	16,363.38	2,000	327,267.55	10,000	1,636,337.70	300,000	49,090,131.00
200	32,726.75	2,500	409,084.43	20,000	3,272,675.40	400,000	65,453,508.00
300	49,090.13	3,000	490,901.31	30,000	4,909,013.10	500,000	81,816,885.00
400	65,453.51	3,500	572,718.20	40,000	6,545,350.80	600,000	98,180,262.00
500	81,816.89	4,000	654,535.08	50,000	8,181,688.50	700,000	114,543,639.00
600	98,180.26	4,500	736,351.96	60,000	9,818,026.20	800,000	130,907,016.00
700	114,543.64	5,000	818,168.86	70,000	11,454,363.90	900,000	147,270,393.00
800	130,907.01	6,000	981,802.62	80,000	13,090,701.60	1,000,000	163,633,770.00
900	147,270.40	7,000	1,145,436.39	90,000	14,727,039.30	1,200,000	196,360,524.00
1,000	163,633.76	8,000	1,309,070.15	100,000	16,363,377.00	1,445,800(1)	236,581,704.67
1,500	245,450.65	9,000	1,472,703.94	200,000	32,726,754.00		

Notes:

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

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

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.

The H Share Registrar would record all applications into its system and identify suspected multiple applications with identical names and identification document numbers according to the Best Practice Note on Treatment of Multiple/Suspected Multiple Applications ("**Best Practice Note**") issued by the Federation of Share Registrars Limited.

Since applications are subject to personal information collection statements, identification document numbers displayed are redacted.

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 H 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 Persons[1], 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 governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraph headed "— *G. Personal Data — 3. Purposes and 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;

1 Relevant Persons would include the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their or the Company's respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering.

(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;

(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 **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 or 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 the **HK eIPO White Form** service or HKSCC EIPO channel:		
Website	From the "Allotment Results" page at **www.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**) 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.hkeipo.hk/IPOResult** (or **www.tricor.com.hk/ipo/result**).	24 hours, from 11:00 p.m. on Monday, January 12, 2026 to 12:00 midnight on Sunday, January 18, 2026 (Hong Kong time)
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.gigadevice.com** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, January 12, 2026 (Hong Kong time).
Telephone allocation	+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 Tuesday, January 13, 2026 to Friday, January 16, 2026 (Hong Kong time) on a business day

For those applying through HKSCC EIPO channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, January 9, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, January 9, 2026 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the Global Offer, 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.gigadevice.com** by no later than 11:00 p.m. on Monday, January 12, 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 H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "*— 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 H Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their Designated Bank before balloting. After balloting of Hong Kong Offer Shares, the Receiving Bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Public 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 H 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 Global 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 Tuesday, January 13, 2026 (Hong Kong time), provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid 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
Despatch/collection of H Share certificate[2]		
For application of 1,000,000 Hong Kong Offer Shares or more .	Collection in person from the H Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. **Time:** from 9:00 a.m. to 1:00 p.m. on Tuesday, January 13, 2026 (Hong Kong time). If you are an individual, you must not authorize any other person 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 acceptable to the H Share Registrar. *Note:* If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.

2 Except in the event of any Bad Weather Signals (as defined below) in force in Hong Kong in the morning on Monday, January 12, 2026 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— *E. Bad Weather Arrangements*" in this section.

	HK eIPO White Form service	HKSCC EIPO channel
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:** Monday, January 12, 2026	

Refund mechanism for surplus application monies paid by you

Date	Tuesday, January 13, 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 cheque(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

E. BAD WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, January 8, 2026 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- Extreme Conditions, (collectively, "**Bad Weather Signals**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, January 8, 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 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 prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.gigadevice.com** of the revised timetable.

If a Bad Weather Signal is hoisted on Monday, January 12, 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 Tuesday, January 13, 2026.

If a Bad Weather Signal is hoisted on Monday, January 12, 2026, for application of less than 1,000,000 H Shares, the despatch of physical H Share certificates will be made by ordinary post when the post office re-opens after the Bad Weather Signal is lowered or canceled (*e.g.* in the afternoon of Monday, January 12, 2026 or on Tuesday, January 13, 2026).

If a Bad Weather Signal is hoisted on Tuesday, January 13, 2026, for application of 1,000,000 Offer Shares or more, the physical H Share certificates will be available for collection in person at the H Share Registrar's office after the Bad Weather Signal is lowered or canceled (*e.g.* in the afternoon of Tuesday, January 13, 2026 or on Wednesday, January 14, 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 H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply 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 or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

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 Public Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

a. processing your application and refund cheque 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;

b. compliance with applicable laws and regulations in Hong Kong and elsewhere;

c. registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;

d. maintaining or updating the register of members of the Company;

e. verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the Shares;

f. facilitating Hong Kong Offer Shares balloting;

g. establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;

h. distributing communications from the Company and its subsidiaries;

i. compiling statistical information and profiles of the holder of the H Shares;

j. disclosing relevant information to facilitate claims on entitlements; and

k. 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 H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

a. the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;

b. 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);

c. 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;

d. 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

e. any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants 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-101, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GIGADEVICE SEMICONDUCTOR INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of GigaDevice Semiconductor Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-101, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 30 June 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Track Record Period"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-101 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 31 December 2025 (the "Prospectus") in connection with the initial listing of H 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 the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 31(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 December 2025

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Years ended 31 December			Six months ended 30 June	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*4*	8,129,992	5,760,823	7,355,978	3,609,037	4,150,309
Cost of sales		(4,432,776)	(4,014,515)	(4,732,760)	(2,308,838)	(2,617,583)
Gross profit		3,697,216	1,746,308	2,623,218	1,300,199	1,532,726
Other income	*5*	519,300	424,401	549,914	240,110	199,744
Selling and distribution expenses		(265,878)	(270,498)	(370,907)	(170,496)	(224,353)
Administrative expenses		(498,549)	(397,553)	(525,678)	(239,438)	(313,747)
Research and development expenses		(935,584)	(989,953)	(1,122,389)	(588,268)	(567,680)
Impairment loss on trade and other receivables	*32(a)*	(743)	(820)	(3,667)	(2,133)	(465)
Impairment loss on property, plant and equipment	*12(a)*	–	–	–	–	(3,810)
Impairment loss on intangible assets	*14(a)*	–	(2,630)	–	–	(1,903)
Impairment loss on goodwill	*15*	(241,491)	(373,372)	–	–	–
Profit from operations		2,274,271	135,883	1,150,491	539,974	620,512
Finance costs	*6(a)*	(7,889)	(7,115)	(19,253)	(9,313)	(14,087)
Share of profits less losses of associates	*17*	(3,957)	(4,020)	(7,575)	(2,784)	(10,346)
Profit before taxation	*6*	2,262,425	124,748	1,123,663	527,877	596,079
Income tax	*7*	(209,543)	36,393	(22,782)	(10,877)	(8,244)
Profit for the year/period		2,052,882	161,141	1,100,881	517,000	587,835

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit for the year/period		2,052,882	161,141	1,100,881	517,000	587,835
Other comprehensive income for the year/period (after tax):	*10*					
Items that will not be reclassified to profit or loss:						
– Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)		(40,935)	162,828	193,470	(105,388)	144,915
Items that may be reclassified subsequently to profit or loss:						
– Exchange differences on translation of financial statements into presentation currency		82,080	17,823	17,887	6,337	(4,872)
– Share of other comprehensive income of associates		127	(2)	2	1	–

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other comprehensive income for the year/period		41,272	180,649	211,359	(99,050)	140,043
Total comprehensive income for the year/period		2,094,154	341,790	1,312,240	417,950	727,878
Profit attributable to:						
Equity shareholders of the Company		2,052,882	161,141	1,102,543	517,000	575,476
Non-controlling interests		–	–	(1,662)	–	12,359
		2,052,882	161,141	1,100,881	517,000	587,835
Total comprehensive income attributable to:						
Equity shareholders of the Company		2,094,154	341,790	1,313,902	417,950	715,519
Non-controlling interests		–	–	(1,662)	–	12,359
		2,094,154	341,790	1,312,240	417,950	727,878
Earnings per share						
Basic (RMB)	*11(a)*	3.10	0.24	1.66	0.78	0.87
Diluted (RMB)	*11(b)*	3.09	0.24	1.66	0.78	0.87

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December			As at 30 June
	Note	**2022**	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12(a)*	1,034,037	1,131,890	1,089,489	1,173,574
Right-of-use assets	*13(a)*	121,603	111,375	97,984	110,200
Intangible assets	*14(a)*	460,840	440,937	604,215	654,598
Goodwill	*15*	783,474	410,102	617,185	617,185
Interests in associates	*17*	11,800	25,734	137,074	305,219
Equity securities designated at fair value through other comprehensive income ("FVOCI")	*18(a)*	1,533,025	1,744,389	3,365,869	3,491,699
Financial assets measured at fair value through profit or loss ("FVPL")	*19(a)*	80,000	145,612	210,894	209,150
Other non-current assets	*22(b)*	972,841	572,866	402,268	106,841
Deferred tax assets	*29(b)(ii)*	234,424	269,918	269,055	269,831
		5,232,044	4,852,823	6,794,033	6,938,297
Current assets					
Financial assets measured at FVPL	*19(a)*	1,857,548	1,805,558	120,000	62,503
Inventories	*20(a)*	2,153,876	1,990,866	2,346,368	2,400,649
Trade and bills receivables	*21(a)*	173,930	127,280	231,791	244,862
Prepayments and other current assets	*22(a)*	320,097	386,020	608,614	942,445
Prepaid income tax	*29(a)*	34,342	27,371	14	940
Time deposits		–	–	–	1,347,250
Cash at bank and on hand	*23(a)*	6,874,850	7,265,862	9,128,010	7,863,121
		11,414,643	11,602,957	12,434,797	12,861,770

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade payables	*24(a)*	479,266	501,844	733,599	718,997
Accruals and other payables	*25(a)*	598,626	351,661	522,731	593,524
Contract liabilities	*26(a)*	82,917	88,091	94,532	135,224
Financial liabilities measured at FVPL	*19(a)*	–	–	–	4,662
Bank loans	*27(a)*	–	–	898,221	619,575
Lease liabilities	*28(a)*	34,433	41,876	53,113	62,246
Income tax payable	*29(a)*	1,422	2,703	28,311	21,402
		1,196,664	986,175	2,330,507	2,155,630
Net current assets		10,217,979	10,616,782	10,104,290	10,706,140
Total assets less current liabilities		15,450,023	15,469,605	16,898,323	17,644,437
Non-current liabilities					
Lease liabilities	*28(a)*	89,901	74,390	48,023	52,496
Deferred income		84,490	69,100	49,732	49,929
Other non-current liabilities		–	2,000	2,000	2,000
Deferred tax liabilities	*29(b)(ii)*	88,492	124,542	119,791	104,766
		262,883	270,032	219,546	209,191
Net assets		15,187,140	15,199,573	16,678,777	17,435,246
Capital and reserves	*31*				
Share capital		667,025	666,906	664,124	664,059
Reserves		14,520,115	14,532,667	15,834,381	16,575,839
Total equity attributable to equity shareholders of the Company		15,187,140	15,199,573	16,498,505	17,239,898
Non-controlling interests		–	–	180,272	195,348
Total equity		15,187,140	15,199,573	16,678,777	17,435,246

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*12(b)*	629,943	594,198	508,922	503,021
Right-of-use assets	*13(b)*	65,707	46,211	38,117	27,241
Intangible assets	*14(b)*	392,110	435,291	376,798	370,859
Investments in subsidiaries	*16*	3,570,654	3,649,433	4,969,473	5,019,847
Interests in associates	*17*	–	–	104,761	262,858
Equity securities designated at FVOCI	*18(b)*	1,283,784	1,329,732	3,032,956	3,113,615
Financial assets measured at FVPL	*19(b)*	80,000	125,600	190,882	189,138
Other non-current assets	*22(b)*	814,041	564,960	393,812	11,043
Deferred tax assets		28,547	33,248	41,509	43,979
		6,864,786	6,778,673	9,657,230	9,541,601
Current assets					
Financial assets measured at FVPL	*19(b)*	1,517,438	1,504,350	–	1,789
Inventories	*20(b)*	1,299,582	831,585	954,530	1,095,995
Trade and bills receivables	*21(b)*	700,991	1,881,079	1,780,817	1,539,805
Prepayments and other current assets	*22(a)*	385,875	697,719	1,472,815	1,232,163
Prepaid income tax		20,383	15,535	–	922
Time deposits		–	–	–	400,747
Cash at bank and on hand		4,912,449	3,532,166	2,804,213	3,219,935
		8,836,718	8,462,434	7,012,375	7,491,356

The accompanying notes form part of the Historical Financial Information.

	Note	As at 31 December			As at 30 June
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade payables	*24(b)*	293,391	154,924	405,323	406,747
Accruals and other payables	*25(b)*	991,208	736,845	763,921	908,556
Contract liabilities	*26(b)*	13,936	105,076	23,943	32,052
Financial liabilities measured at FVPL	*19(b)*	–	–	–	4,258
Bank loans	*27(b)*	–	–	719,700	619,575
Lease liabilities	*28(b)*	20,344	20,014	25,426	28,190
		1,318,879	1,016,859	1,938,313	1,999,378
Net current assets		7,517,839	7,445,575	5,074,062	5,491,978
Total assets less current liabilities		14,382,625	14,224,248	14,731,292	15,033,579
Non-current liabilities					
Lease liabilities	*28(b)*	47,700	29,131	14,173	1,185
Deferred income		41,850	33,991	26,819	23,775
Deferred tax liabilities		47,901	48,028	57,734	66,987
		137,451	111,150	98,726	91,947
Net assets		14,245,174	14,113,098	14,632,566	14,941,632
Capital and reserves	*31*				
Share capital		667,025	666,906	664,124	664,059
Reserves		13,578,149	13,446,192	13,968,442	14,277,573
Total equity		14,245,174	14,113,098	14,632,566	14,941,632

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (Note 31(c))	RMB'000 (Note 31(d)(i))	RMB'000 (Note 31(d)(ii))	RMB'000 (Note 31(d)(iii))	RMB'000 (Note 31(d)(iv))	RMB'000 (Note 31(d)(v))	RMB'000 (Note 31(d)(vi))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		667,467	7,760,165	(434,320)	362,406	(57,323)	359,857	333,652	4,492,439	13,484,343	–	13,484,343
Changes in equity for the year ended 31 December 2022:												
Profit for the year		–	–	–	–	–	–	–	2,052,882	2,052,882	–	2,052,882
Other comprehensive income		–	–	–	–	82,080	(40,935)	127	–	41,272	–	41,272
Total comprehensive income for the year		–	–	–	–	82,080	(40,935)	127	2,052,882	2,094,154	–	2,094,154
Restricted shares vested	30(b)	–	118,069	105,020	(118,069)	–	–	–	–	105,020	–	105,020
Cancellation of shares	31(d)(ii)	(442)	(33,114)	33,556	–	–	–	–	–	–	–	–
Equity settled share-based payment expenses	30	–	–	–	203,181	–	–	3,108	–	206,289	–	206,289
Dividends in relation to unvested restricted shares		–	–	4,849	–	–	–	–	–	4,849	–	4,849
Dividends approved and paid	31(b)	–	–	–	–	–	–	–	(707,515)	(707,515)	–	(707,515)
		(442)	84,955	143,425	85,112	–	–	3,108	(707,515)	(391,357)	–	(391,357)
Balance at 31 December 2022		667,025	7,845,120	(290,895)	447,518	24,757	318,922	336,887	5,837,806	15,187,140	–	15,187,140

The accompanying notes form part of the Historical Financial Information.

	Note	Attributable to equity shareholders of the Company									Non-controlling interests	Total equity
		Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		(Note 31(c))	*(Note 31(d)(i))*	*(Note 31(d)(ii))*	*(Note 31(d)(iii))*	*(Note 31(d)(iv))*	*(Note 31(d)(v))*	*(Note 31(d)(vi))*				
Balance at 1 January 2023		667,025	7,845,120	(290,895)	447,518	24,757	318,922	336,887	5,837,806	15,187,140	–	15,187,140
Changes in equity for the year ended 31 December 2023:												
Profit for the year		–	–	–	–	–	–	–	161,141	161,141	–	161,141
Other comprehensive income		–	–	–	–	17,823	162,828	(2)	–	180,649	–	180,649
Total comprehensive income for the year		–	–	–	–	17,823	162,828	(2)	161,141	341,790	–	341,790
Restricted shares vested	*30(b)*	–	100,585	87,250	(100,585)	–	–	–	–	87,250	–	87,250
Cancellation of shares	*31(d)(ii)*	(119)	(9,717)	9,836	–	–	–	–	–	–	–	–
Purchase of own shares		–	–	(101,991)	–	–	–	–	–	(101,991)	–	(101,991)
Equity settled share-based payment expenses	*30*	–	–	–	97,138	–	–	–	–	97,138	–	97,138
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(28,038)	–	28,038	–	–	–
Dividends in relation to unvested restricted shares		–	–	1,802	–	–	–	–	–	1,802	–	1,802
Dividends approved and paid	*31(b)*	–	–	–	–	–	–	–	(413,556)	(413,556)	–	(413,556)
		(119)	90,868	(3,103)	(3,447)	–	(28,038)	–	(385,518)	(329,357)	–	(329,357)
Balance at 31 December 2023		666,906	7,935,988	(293,998)	444,071	42,580	453,712	336,885	5,613,429	15,199,573	–	15,199,573

The accompanying notes form part of the Historical Financial Information.

	Note	Attributable to equity shareholders of the Company										
		Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 (Note 31(c))	RMB'000 (Note 31(d)(i))	RMB'000 (Note 31(d)(ii))	RMB'000 (Note 31(d)(iii))	RMB'000 (Note 31(d)(iv))	RMB'000 (Note 31(d)(v))	RMB'000 (Note 31(d)(vi))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		666,906	7,935,988	(293,998)	444,071	42,580	453,712	336,885	5,613,429	15,199,573	–	15,199,573
Changes in equity for the year ended 31 December 2024:												
Profit for the year		–	–	–	–	–	–	–	1,102,543	1,102,543	(1,662)	1,100,881
Other comprehensive income		–	–	–	–	17,887	193,470	2	–	211,359	–	211,359
Total comprehensive income for the year		–	–	–	–	17,887	193,470	2	1,102,543	1,313,902	(1,662)	1,312,240
Restricted shares vested	30(b)	–	66,271	58,400	(66,271)	–	–	–	–	58,400	–	58,400
Cancellation of shares	31(d)(ii)	(2,782)	(247,532)	250,314	–	–	–	–	–	–	–	–
Purchase of own shares		–	–	(259,564)	–	–	–	–	–	(259,564)	–	(259,564)
Equity settled share-based payment expenses	30	–	–	–	158,780	–	–	–	–	158,780	254	159,034
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	–	4,500	4,500
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(80,438)	–	80,438	–	–	–
Increase in non-controlling interests in connection with acquisition of a subsidiary	33	–	–	–	–	–	–	–	–	–	177,180	177,180
Share of changes in associates' other reserve		–	–	–	–	–	–	27,414	–	27,414	–	27,414
		(2,782)	(181,261)	49,150	92,509	–	(80,438)	27,414	80,438	(14,970)	181,934	166,964
Balance at 31 December 2024		664,124	7,754,727	(244,848)	536,580	60,467	566,744	364,301	6,796,410	16,498,505	180,272	16,678,777

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company										
		RMB'000 (Note 31(c))	RMB'000 (Note 31(d)(i))	RMB'000 (Note 31(d)(ii))	RMB'000 (Note 31(d)(iii))	RMB'000 (Note 31(d)(iv))	RMB'000 (Note 31(d)(v))	RMB'000 (Note 31(d)(vi))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025		664,124	7,754,727	(244,848)	536,580	60,467	566,744	364,301	6,796,410	16,498,505	180,272	16,678,777
Changes in equity for the six months ended 30 June 2025:												
Profit for the period		–	–	–	–	–	–	–	575,476	575,476	12,359	587,835
Other comprehensive income		–	–	–	–	(4,872)	144,915	–	–	140,043	–	140,043
Total comprehensive income for the period		–	–	–	–	(4,872)	144,915	–	575,476	715,519	12,359	727,878
Restricted shares vested	30(b)	–	59,280	51,009	(59,280)	–	–	–	–	51,009	–	51,009
Share options exercised	30(a)	–	(2,198)	111,340	(32,120)	–	–	–	–	77,022	–	77,022
Cancellation of shares	31(d)(ii)	(65)	(5,393)	5,458	–	–	–	–	–	–	–	–
Equity settled share-based payment expenses	30	–	–	–	81,343	–	–	3,584	–	84,927	2,717	87,644
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(92,980)	–	92,980	–	–	–
Dividends approved	31(b)	–	–	–	–	–	–	–	(225,575)	(225,575)	–	(225,575)
Share of changes in associates' other reserve		–	–	–	–	–	–	38,491	–	38,491	–	38,491
		(65)	51,689	167,807	(10,057)	–	(92,980)	42,075	(132,595)	25,874	2,717	28,591
Balance at 30 June 2025		664,059	7,806,416	(77,041)	526,523	55,595	618,679	406,376	7,239,291	17,239,898	195,348	17,435,246

The accompanying notes form part of the Historical Financial Information.

	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company (unaudited)										
		RMB'000 (Note 31(c))	RMB'000 (Note 31(d)(i))	RMB'000 (Note 31(d)(ii))	RMB'000 (Note 31(d)(iii))	RMB'000 (Note 31(d)(iv))	RMB'000 (Note 31(d)(v))	RMB'000 (Note 31(d)(vi))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024		666,906	7,935,988	(293,998)	444,071	42,580	453,712	336,885	5,613,429	15,199,573	–	15,199,573
Changes in equity for the six months ended 30 June 2024:												
Profit for the period		–	–	–	–	–	–	–	517,000	517,000	–	517,000
Other comprehensive income		–	–	–	–	6,337	(105,388)	1	–	(99,050)	–	(99,050)
Total comprehensive income for the period		–	–	–	–	6,337	(105,388)	1	517,000	417,950	–	417,950
Restricted shares vested	30(b)	–	66,271	58,400	(66,271)	–	–	–	–	58,400	–	58,400
Purchase of own shares		–	–	(104,999)	–	–	–	–	–	(104,999)	–	(104,999)
Equity settled share-based payment expenses	30	–	–	–	64,754	–	–	–	–	64,754	–	64,754
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(264)	–	264	–	–	–
Share of changes in associates' other reserve		–	–	–	–	–	–	(799)	–	(799)	–	(799)
		–	66,271	(46,599)	(1,517)	–	(264)	(799)	264	17,356	–	17,356
Balance at 30 June 2024 (unaudited)		666,906	8,002,259	(340,597)	442,554	48,917	348,060	336,087	6,130,693	15,634,879	–	15,634,879

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Operating activities						
Profit before taxation		2,262,425	124,748	1,123,663	527,877	596,079
Adjustments for:						
Depreciation and amortisation	*6(c)*	371,753	443,681	467,339	222,983	243,959
Net loss/(gain) on disposal of property, plant and equipment and other non-current assets	*5*	2,029	738	455	(251)	2,513
Equity-settled share-based payment expenses	*6(b)*	203,181	97,138	159,034	64,754	84,060
Net gain from financial assets and liabilities measured at FVPL	*5*	(42,718)	(74,650)	(23,961)	(18,258)	(7,736)
Interest income from time deposits		–	–	–	–	(18,607)
Dividends from equity securities designated at FVOCI	*5*	(4,868)	–	(1,259)	–	–
Impairment loss on property, plant and equipment		–	–	–	–	3,810
Impairment loss on intangible assets		–	2,630	–	–	1,903

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment loss on trade and other receivables . . .		743	820	3,667	2,133	465
Impairment loss on goodwill . . .		241,491	373,372	–	–	–
Net foreign exchange gain .		(109,613)	(14,578)	(97,197)	(6,779)	21,661
Finance costs . . .	*6(a)*	7,889	7,115	19,253	9,313	14,087
Share of profits less losses of associates		3,957	4,020	7,575	2,784	10,346
Changes in working capital:						
(Increase)/decrease in inventories .		(704,957)	163,010	(267,520)	57,933	(58,061)
Decrease/(increase) in trade and bills receivables . . .		145,804	30,155	(47,454)	(146,131)	(25,448)
(Increase)/decrease in prepayments and other current assets and other non-current assets. .		(903,018)	167,040	240,598	231,778	163,846
(Decrease)/increase in trade payables		(163,217)	27,759	203,920	169,011	(18,088)
(Decrease)/increase in accruals and other payables .		(3,031)	(165,269)	234,457	99,175	(43,619)
Increase in contract liabilities		11,345	7,097	4,891	11,867	40,839
Cash generated from operations .		1,319,195	1,194,826	2,027,461	1,228,189	1,012,009
Income tax (paid)/refunded . .	*29(a)*	(369,504)	(8,077)	4,769	20,527	(54,188)
Net cash generated from operating activities.		949,691	1,186,749	2,032,230	1,248,716	957,821

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Investing activities						
Payments for the purchase of property, plant and equipment and intangible assets		(550,843)	(348,363)	(499,018)	(154,032)	(412,484)
Proceeds from disposal of property, plant and equipment		136	25	29,330	300	19,709
Investments in associates		–	(17,956)	(91,499)	(2,000)	(140,000)
Investments in equity securities designated at FVOCI		(30,000)	(78,332)	(1,529,668)	(1,515,000)	(131,848)
Proceeds from equity securities designated at FVOCI		5,711	83,609	119,597	352	175,524
Investments in equity securities measured at FVPL		(80,000)	(65,612)	(60,000)	(60,000)	–
Proceeds from equity securities measured at FVPL		–	–	–	–	3,038
Purchase of wealth management products measured at FVPL		(2,750,000)	(5,465,000)	(420,000)	(300,000)	–
Proceeds from redemption of wealth management products measured at FVPL		3,310,000	5,505,000	2,100,000	2,100,000	60,000

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Investment income received from financial instruments measured at FVPL		51,272	91,726	25,666	25,244	8,601
Purchase of time deposits		–	–	–	–	(1,330,263)
Proceeds from disposal of non-current assets recognised prior to being acquired by the Group		–	–	27,277	–	–
Loans to non-controlling interests		–	–	(130,000)	–	–
Acquisition of a subsidiary, net of cash acquired	*33*	–	–	(241,020)	–	(15,123)
Net cash (used in)/generated from investing activities		(43,724)	(294,903)	(669,335)	94,864	(1,762,846)

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Financing activities						
Proceeds from bank loans	23(b)	–	–	1,269,193	400,000	400,000
Repayment of bank loans	23(b)	–	–	(418,699)	–	(678,489)
Capital element of lease rentals paid	23(b)	(31,353)	(42,103)	(44,299)	(26,998)	(27,093)
Interest element of lease rentals paid	23(b)	(6,973)	(6,659)	(5,558)	(2,941)	(2,721)
Purchase of own ordinary shares		–	(101,991)	(259,564)	(104,999)	–
Purchase of forfeited restricted shares	23(b)	(34,472)	(10,292)	(55,529)	(49,579)	–
Proceeds from share options exercised	30(a)(ii)	–	–	–	–	77,022
Dividends paid	31(b)	(707,515)	(413,556)	–	–	–
Dividends deposited in escrow to be distributed	22(a)	–	–	–	–	(204,642)
Expenses paid in connection with the proposed initial listing of the H shares of the Company		–	–	–	–	(6,646)
Capital injection from non-controlling interests		–	–	4,500	–	–
Increase in other non-current liabilities		–	2,000	–	–	–
Interest paid	23(b)	–	–	(9,660)	(2,802)	(11,269)

The accompanying notes form part of the Historical Financial Information.

	Note	Years ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash (used in)/generated from financing activities		(780,313)	(572,601)	480,384	212,681	(453,838)
Net increase/ (decrease) in cash and cash equivalents		125,654	319,245	1,843,279	1,556,261	(1,258,863)
Cash and cash equivalents at the beginning of the year/period	*23(a)*	6,546,991	6,787,205	7,130,888	7,130,888	9,104,159
Effects of exchange rate changes		114,560	24,438	129,992	47,188	(15,619)
Cash and cash equivalents at the end of the year/period	*23(a)*	6,787,205	7,130,888	9,104,159	8,734,337	7,829,677

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

GigaDevice Semiconductor Inc. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 6 April 2005 as a limited liability company. On 28 December 2012, the Company was converted from a limited liability company into a joint stock limited liability company, and was listed on Shanghai Stock Exchange on 18 August 2016.

During the Track Record Period, the Company and its subsidiaries (the "Group") are principally engaged in the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries and regions in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "CASBE") and were audited by Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)).

During the Track Record Period and as at the date of this report, the Company has interests in the following principal subsidiaries:

Name of company	Place and date of incorporation/ establishment	Particulars of issued/ registered and paid-up capital	Effective percentage of equity interests: Held by the Group	Held by the Company	Held by a subsidiary	Principal activities	Auditors
GigaDevice Semiconductor (HK) Ltd. *(iii)*	Hong Kong 4 August 2008	6,560,000 shares	100.00%	100.00%	–	Sales of chips	2022-2024: Cheng & Cheng Zhongxinghua CPA Limited
Suzhou XySemi Electronic Technology Co., Ltd. 蘇州賽芯電子科技有限公司 ("XySemi") *(Note 33) (i) (ii)*	Chinese Mainland 27 February 2009	RMB57,779,499	38.07%	38.07%	–	Research and development and sales of chips	2022-2023: N/A, 2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
Silead INC. 上海思立微電子科技有限公司 ("SiLead") *(i) (ii)*	Chinese Mainland 27 January 2011	RMB160,000,000	100.00%	100.00%	–	Research and development and sales of chips	2022-2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
GigaDevice Semiconductor (Shanghai) Inc. 上海格易電子有限公司 *(i) (ii)*	Chinese Mainland 16 February 2012	RMB100,000,000	100.00%	100.00%	–	Research and development and sales of chips	2022-2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
GigaDevice Venture Capital 深圳市外灘科技開發有限公司 *(i) (ii)*	Chinese Mainland 22 July 2013	RMB220,000,000	100.00%	100.00%	–	Investment holding	2022-2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
GigaDevice Semiconductor (Hefei) Inc. 合肥格易集成電路有限公司 *(i) (ii)*	Chinese Mainland 13 March 2014	RMB49,614,178	100.00%	100.00%	–	Technology development and sales of chips	2022-2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*

Name of company	Place and date of incorporation/ establishment	Particulars of issued/ registered and paid-up capital	Effective percentage of equity interests			Principal activities	Auditors
			Held by the Group	Held by the Company	Held by a subsidiary		
Gigadevice Semiconductor (Xi'an) Inc. 西安格易安創集成電路有限公司 *(i) (ii)*	Chinese Mainland 24 November 2017	RMB20,000,000	100.00%	100.00%	–	Technology development and sales of chips	2022-2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
GigaDevice Semiconductor Singapore PTE. Ltd. *(iii)*	Singapore 23 November 2020	20,000,000 shares at USD1 each	100.00%	100.00%	–	Wholesale of electronic components	2022-2024: FOZL ASSURANCE PAC
XC Memory Co., Ltd. 珠海横琴芯存半導體有限公司 *(i) (ii)* . . .	Chinese Mainland 11 July 2024	RMB100,000,000	100.00%	100.00%	–	Technology development and sales of chips	2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*
CreMemory Technology Co., Ltd. 北京青耘科技有限公司 *(i) (ii)* . .	Chinese Mainland 31 July 2024	Registered capital of RMB27,000,000 and paid-up capital of RMB25,500,000	77.78%	77.78%	–	Technology development and sales of chips	2024: Zhongxinghua Certified Public Accountants LLP (中興華會計師事務所(特殊普通合夥)) *(i)*

Notes:

(i) These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

(ii) These entities are limited liability companies in Chinese Mainland.

(iii) These entities are limited liability companies outside Chinese Mainland.

All entities comprising the Group have adopted 31 December as their financial year end date, except that a subsidiary established in the UK has adopted 31 March as its financial year.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 38.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information is presented in RMB and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following assets and liabilities are stated at their fair values as explained in the accounting policies set out below:

- financial assets and liabilities measured at FVPL (see Note 2(f))
- equity securities designated at FVOCI (see Note 2(f))

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)(ii)) unless it is classified as held for sale.

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale. They are initially recognised at cost, which includes transaction costs. Subsequently, the Historical Financial Information includes the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is accounted for using the equity method, unless it is classified as held for sale.

(e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)(ii)).

(f) Other investments

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are mainly wealth management products and private equity funds, and are measured at FVPL. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(s)(ii)(a)).

(iii) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency risk. Derivatives are initially measured at fair value and subsequently are measured at fair value with changes therein recognised in profit or loss.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss, as follows:

– Buildings	10-35 years
– Machinery and equipment	3-10 years
– Motor vehicles	5 years
– Leasehold improvements	over the term of leases
– Others	3-5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less any accumulated impairment losses until it is ready for intended use in which it will be reclassified as patents and proprietary technologies. Development expenditure is tested annually for impairment (see Note 2(j)(ii)).

Other intangible assets, including patents and proprietary technologies, which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(j)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss, as follows:

– Patents and proprietary technologies	2-8 years
– Software and others	3-5 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). Depreciation is calculated using the straight-line method over the term of leases.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash at bank and on hand, trade and bills receivables and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfall for fixed-rate financial assets and trade and other receivables are discounted using the effective interest rate determined at initial recognition or an approximation thereof.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

(l) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(m)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are provided under the relevant local regulations and are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of share option granted to employees is measured using valuation model. The grant-date fair value of restricted share granted to employees is equal to the closing price of the Company's publicly trading shares on grant date. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group's revenue recognition policies are as follows:

(a) Revenue from sale of goods

The Group's sales contracts with customers of specialty memory chips, micro-control units, sensor chips and analog chips contain various delivery terms. Depending on the delivery terms, control of these goods is generally transferred to customers upon delivery of these goods to and acceptance of these goods by the customers or the designated recipients by the customers, at which point the Group recognises revenue.

(b) Revenue from rendering of services

The Group's revenue from rendering of services is generated from the provision of technical support service in the development of specialty memory chips, micro-control units, sensor chips and analog chips. Revenue is recognised when the service is provided to and confirmed by the customers.

(ii) Revenue from other sources and other income

(a) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(b) Interest income

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset is recognised as deferred income in the statement of financial position and amortised over the useful life of the related asset, and is recognised as other income.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB, the Group's presentation currency, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(u) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(v) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 15, 30 and 32(e) contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share-based payments and financial instruments, respectively. Other significant sources of estimation uncertainty are as follows:

Impairment of non-current non-financial assets

If circumstances indicate that the carrying amount of a non-current non-financial asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of non-current assets as described in Note 2(j)(ii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15					
Disaggregated by major products or service lines:					
– Specialty memory chips	4,825,856	4,077,311	5,194,173	2,604,520	2,844,934
– Micro-control units	2,825,357	1,312,209	1,690,547	802,115	959,106
– Sensor chips	434,974	352,449	448,300	192,173	193,193
– Analog chips	3,851	4,604	15,468	3,098	152,276
– Others	39,954	14,250	7,490	7,131	800
	8,129,992	5,760,823	7,355,978	3,609,037	4,150,309

During the Track Record Period, the Group's revenue was substantially recognised at a point in time.

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025. Details of concentrations of credit risk are set out in Note 32(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group takes advantage of the practical expedient in paragraph 121 of IFRS 15 and does not disclose the remaining performance obligation as substantially all of the Group's sale contracts have an original expected duration of less than 1 year, except for sale contracts with expected duration of more than one year of RMBNil, RMBNil, RMBNil and RMB131,706,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, to be recognised in future.

(b) Segment reporting

(i) Segment results

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews the operating results of the Group as a whole by products and services and the Group has determined that it only has one operating segment during the Track Record Period.

Disaggregation of revenue from contracts with customers by major products along with gross profit or loss as provided to the Group's management for the purposes of resource allocation and performance assessment of products and services for the Track Record Period is set out below:

	Year ended 31 December 2022						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4,825,856	2,825,357	434,974	3,851	39,954	–	8,129,992
Gross profit/(loss)	1,934,749	1,833,903	71,168	959	33,857	(177,420)	3,697,216

	Year ended 31 December 2023						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4,077,311	1,312,209	352,449	4,604	14,250	–	5,760,823
Gross profit/(loss)	1,344,959	569,404	56,382	(1,923)	14,193	(236,707)	1,746,308

	Year ended 31 December 2024						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	5,194,173	1,690,547	448,300	15,468	7,490	–	7,355,978
Gross profit/(loss)	2,091,500	621,085	73,797	1,628	7,343	(172,135)	2,623,218

	Six months ended 30 June 2025						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2,844,934	959,106	193,193	152,276	800	–	4,150,309
Gross profit/(loss)	1,095,377	357,879	30,941	59,361	775	(11,607)	1,532,726

	Six months ended 30 June 2024 (unaudited)						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	2,604,520	802,115	192,173	3,098	7,131	–	3,609,037
Gross profit/(loss)	1,022,009	309,217	38,340	465	7,035	(76,867)	1,300,199

(ii) Geographic information

Information about the Group's revenue from external customers, presented based on their location of registration, is as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Chinese Mainland	1,663,528	1,331,795	1,923,578	912,620	1,265,554
Hong Kong	4,343,530	2,915,429	3,374,412	1,690,814	1,852,330
Taiwan	971,430	892,786	1,177,028	555,400	616,093
Others	1,151,504	620,813	880,960	450,203	416,332
	8,129,992	5,760,823	7,355,978	3,609,037	4,150,309

The non-current assets of the Group are substantially located or allocated to operations in Chinese Mainland.

5 OTHER INCOME

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest income	157,427	238,622	334,447	138,595	147,382
Net gain from financial assets and liabilities measured at FVPL	42,718	74,650	23,961	18,258	7,736
Dividends from equity securities designated at FVOCI *(Note 18(a))*	4,868	–	1,259	–	–
Government grants	76,260	72,319	51,589	27,505	27,123
Net gain on foreign exchange differences	194,884	29,134	130,595	49,741	15,238
Net (loss)/gain on disposal of property, plant and equipment and other non-current assets	(2,029)	(738)	(455)	251	(2,513)
Others	45,172	10,414	8,518	5,760	4,778
	519,300	424,401	549,914	240,110	199,744

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans	–	–	9,633	2,802	11,112
Interest on lease liabilities	6,973	6,659	5,558	2,941	2,721
Interest on unvested restricted shares repurchase obligation	916	456	4,062	3,570	254
	7,889	7,115	19,253	9,313	14,087

(b) Staff costs

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, wages and other benefits	816,484	786,813	1,078,794	579,232	647,023
Contributions to defined contribution retirement schemes *(Note)*	50,978	66,447	78,573	37,700	43,974
Equity-settled share-based payment expenses *(Note 30)*	203,181	97,138	159,034	64,754	84,060
	1,070,643	950,398	1,316,401	681,686	775,057

Note:

Employees of the Company and its subsidiaries established in Chinese Mainland are required to participate in defined contribution retirement schemes administered and operated by the respective local municipal governments. The Group contributes funds which are calculated on certain percentages of the average employee salary as agreed by the respective local municipal governments to the schemes as retirement benefits for the employees.

The subsidiaries of the Group incorporated in Hong Kong are required to make contributions to the Mandatory Provident Funds under the Hong Kong Mandatory Provident Fund Schemes Ordinance.

All other overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirements schemes under the laws and regulations of the respective countries/jurisdictions.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of inventories # *(Note 20(a))*	4,388,065	4,000,904	4,680,587	2,299,579	2,598,559
Depreciation charges: #					
– property, plant and equipment	219,446	276,785	283,815	139,972	133,517
– right-of-use assets	37,043	42,499	44,402	22,082	27,945
Amortisation of intangible assets #	115,264	124,397	139,122	60,929	82,497
Listing expenses	–	–	–	–	563

\# Cost of inventories includes RMB73,873,000, RMB117,146,000, RMB132,650,000, RMB67,461,000 (unaudited) and RMB77,298,000 for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025, respectively, relating to depreciation and amortisation charges, which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represent:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current tax – Chinese Mainland *(Note 29(a))*					
Provision for the year/period	252,132	17,272	42,780	2,978	5,117
Under/(over)-provision in respect of prior years/periods	3,072	(2,822)	2,345	2,118	595
	255,204	14,450	45,125	5,096	5,712
Current tax – Overseas *(Note 29(a))*					
Provision for the year/period	1,171	2,283	1,097	2,915	8,955
	256,375	16,733	46,222	8,011	14,667
Deferred tax *(Note 29(b)(i))*					
Origination and reversal of temporary differences	(46,832)	(53,126)	(23,440)	2,866	(6,423)
	209,543	(36,393)	22,782	10,877	8,244

(b) Reconciliations between tax expenses and accounting profits at applicable tax rates

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Profit before taxation	2,262,425	124,748	1,123,663	527,877	596,079
Tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Note (i))*	568,020	12,930	269,755	131,969	141,162
Tax effect of non-taxable income	(244)	(11,287)	(17,669)	(8,629)	(5,870)
Tax effect of non-deductible expenses	48,853	44,829	11,509	2,133	560
Tax rates differentials *(Notes (ii) and (iii))*	(358,682)	13,505	(135,174)	(60,521)	(66,594)
Tax effect of additional deduction for research and development expenses *(Notes (ii) and (iii))*	(70,031)	(95,661)	(102,163)	(64,097)	(52,185)
Tax effect of unrecognised unused tax losses and deductible temporary differences	18,555	2,113	(5,821)	7,904	(9,424)
Under/(over)-provision in respect of prior years/periods	3,072	(2,822)	2,345	2,118	595
	209,543	(36,393)	22,782	10,877	8,244

Notes:

(i) Entities of the Group established in Chinese Mainland were subject to the PRC Corporate Income Tax rate of 25% during the Track Record Period.

The provision for Hong Kong Profits Tax for the Track Record Period was calculated at 16.5% of the estimated assessable profits for the year. During the Track Record Period, a subsidiary of the Group was under the two-tiered profits tax rate regime, i.e. the first Hong Kong Dollars ("HK$") 2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Taxation for subsidiaries incorporated in other jurisdictions is calculated at the applicable income tax rates in the relevant countries.

(ii) The Company and certain subsidiaries are regarded as key enterprises in the industry. According to the announcement on preferential corporate income tax policies for key enterprises, the Company and these subsidiaries were subject to a preferential tax rate of 10% during the Track Record Period. The Company and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 120% of the qualified research and development costs incurred for each of the years during the Track Record Period.

(iii) Certain subsidiaries of the Group obtained the certificates of "High and New Technology Enterprise" ("HNTE") from the tax authorities and were subject to a preferential tax rate of 15% during the Track Record Period. These subsidiaries were also entitled to an additional tax deductible allowance amounting to 75% or 100% of the qualified research and development costs incurred for each of the years during the Track Record Period.

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025 are as followings:

	Year ended 31 December 2022						
	Salaries, allowances and benefits in kind	**Discretionary bonuses**	**Retirement scheme contributions**	**Directors' and supervisors' fees**	**Sub-total**	**Share-based payments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Directors							
Mr. Zhu Yiming	2,937	4,100	63	–	7,100	–	7,100
Mr. Zhang Shuai	–	–	–	–	–	–	–
Mr. Wang Zhiwei	–	–	–	–	–	–	–
Mr. He Wei	1,119	902	58	–	2,079	3,482	5,561
Ms. Li Hong (appointed on 16 December 2022)	77	93	3	–	173	225	398
Mr. Hu Hong (appointed on 16 December 2022)	55	134	3	–	192	182	374
Mr. Shu Qingming (resigned on 26 October 2022). . . .	4,156	3,398	35	–	7,589	–	7,589
Mr. Cheng Taiyi (resigned on 26 October 2022). . . .	5,149	2,565	35	–	7,749	–	7,749

	Year ended 31 December 2022						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Independent directors							
Mr. Zhang Kedong	–	–	–	150	150	–	150
Mr. Liang Shangshang	–	–	–	150	150	–	150
Mr. Qian He	–	–	–	150	150	–	150
Supervisors *(Note ii)*							
Ms. Wen Tian	158	57	20	–	235	–	235
Mr. Ge Liang	–	–	–	–	–	–	–
Ms. Hu Jing	–	–	–	–	–	–	–
	13,651	11,249	217	450	25,567	3,889	29,456

	Year ended 31 December 2023						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Directors							
Mr. Zhu Yiming	2,886	–	68	–	2,954	–	2,954
Mr. He Wei	1,111	–	63	–	1,174	1,881	3,055
Mr. Wang Zhiwei	–	–	–	–	–	–	–
Mr. Hu Hong	3,026	–	63	–	3,089	2,239	5,328
Ms. Li Hong	1,936	–	68	–	2,004	2,777	4,781
Mr. Zhang Shuai (resigned on 26 June 2023)	–	–	–	–	–	–	–
Independent directors							
Mr. Zhang Kedong	–	–	–	150	150	–	150
Mr. Liang Shangshang	–	–	–	150	150	–	150
Mr. Qian He	–	–	–	150	150	–	150
Mr. Zheng Xiaodong (appointed on 12 September 2023)	–	–	–	46	46	–	46
Supervisors *(Note ii)*							
Ms. Wen Tian	177	23	29	–	229	–	229
Mr. Ge Liang	–	–	–	–	–	–	–
Ms. Hu Jing	–	–	–	–	–	–	–
	9,136	23	291	496	9,946	6,897	16,843

	Year ended 31 December 2024						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Directors							
Mr. Zhu Yiming	2,873	1,855	71	–	4,799	–	4,799
Mr. He Wei	1,059	420	65	–	1,544	1,730	3,274
Mr. Wang Zhiwei	–	–	–	–	–	–	–
Mr. Hu Hong	2,889	3,323	66	–	6,278	11,137	17,415
Ms. Li Hong (resigned on 16 December 2024)	1,860	1,547	68	–	3,475	4,742	8,217
Independent directors							
Mr. Zhou Haitao (appointed on 16 December 2024)	–	–	–	11	11	–	11
Mr. Qian He	–	–	–	154	154	–	154
Ms. Yang Xiaowen (appointed on 16 December 2024)	–	–	–	11	11	–	11
Ms. Chen Jie (appointed on 16 December 2024)	–	–	–	11	11	–	11
Mr. Zheng Xiaodong	–	–	–	154	154	–	154
Mr. Zhang Kedong (resigned on 16 December 2024)	–	–	–	144	144	–	144
Mr. Liang Shangshang (resigned on 16 December 2024)	–	–	–	144	144	–	144
Supervisors ***(Note ii)***							
Ms. Wen Tian	115	44	35	–	194	–	194
Mr. Ge Liang	–	–	–	–	–	–	–
Ms. Liu Xiaowei (appointed on 16 December 2024))	–	–	–	–	–	–	–
Ms. Hu Jing (resigned on 16 December 2024)	–	–	–	–	–	–	–
	8,796	7,189	305	629	16,919	17,609	34,528

	Six months ended 30 June 2025						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Directors							
Mr. Zhu Yiming	1,497	–	35	–	1,532	–	1,532
Mr. He Wei	564	–	26	–	590	724	1,314
Mr. Wang Zhiwei (resigned on 10 June 2025)	–	–	–	–	–	–	–
Mr. Hu Hong	1,507	–	34	–	1,541	8,178	9,719
Ms. Wen Tian (appointed on 10 June 2025)	124	–	19	–	143	–	143

	Six months ended 30 June 2025						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Independent directors							
Mr. Zhou Haitao	–	–	–	120	120	–	120
Mr. Qian He	–	–	–	120	120	–	120
Ms. Yang Xiaowen	–	–	–	120	120	–	120
Ms. Chen Jie	–	–	–	120	120	–	120
Mr. Zheng Xiaodong	–	–	–	120	120	–	120
Supervisors *(Note ii)*							
Ms. Wen Tian *(Note iii)*	–	–	–	–	–	–	–
Mr. Ge Liang	–	–	–	–	–	–	–
Ms. Liu Xiaowei	–	–	–	–	–	–	–
	3,692	–	114	600	4,406	8,902	13,308

	Six months ended 30 June 2024 (unaudited)						
	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Directors' and supervisors' fees	Sub-total	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note (i))*	*RMB'000*
Directors							
Mr. Zhu Yiming	1,437	–	35	–	1,472	–	1,472
Mr. He Wei	555	–	33	–	588	663	1,251
Mr. Wang Zhiwei	–	–	–	–	–	–	–
Mr. Hu Hong	1,446	–	33	–	1,479	1,750	3,229
Ms. Li Hong	971	–	35	–	1,006	1,454	2,460
Independent directors							
Mr. Qian He	–	–	–	75	75	–	75
Mr. Zheng Xiaodong	–	–	–	75	75	–	75
Mr. Zhang Kedong	–	–	–	75	75	–	75
Mr. Liang Shangshang	–	–	–	75	75	–	75
Supervisors *(Note ii)*							
Ms. Wen Tian	31	–	17	–	48	–	48
Mr. Ge Liang	–	–	–	–	–	–	–
Ms. Hu Jing	–	–	–	–	–	–	–
	4,440	–	153	300	4,893	3,867	8,760

Notes:

(i) These represent the estimated value of share options and restricted shares granted to the directors under the Company's share-based plans. The values of these share options and restricted shares are measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of share options and restricted shares granted, are disclosed in Note 30.

(ii) The extraordinary general meeting of the Company approved of the cancellation of the board of supervisors on 10 June 2025 and there are no supervisors of the Company thereon.

(iii) Ms. Wen Tian resigned as a supervisor and was appointed as a director on 10 June 2025. Her emoluments, being a supervisor or a director, for the six months ended 30 June 2025 were presented in the line item under "Directors".

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors and non-directors included as the five highest paid individuals of the Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025 are set forth below:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals *(unaudited)*	Number of individuals
Directors	5	2	3	4	2
Non-directors	–	3	2	1	3
	5	5	5	5	5

The emoluments of directors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid individuals are as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries and other emoluments	–	4,477	3,308	1,083	3,283
Discretionary bonuses	–	–	2,458	–	–
Retirement scheme contributions	–	189	132	33	94
Share-based payments	–	5,150	7,268	1,083	7,800
	–	9,816	13,166	2,199	11,177

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	Number of individuals	Number of individuals	Number of individuals	Number of individuals *(unaudited)*	Number of individuals
HK$2,000,001 – HK$2,500,000	–	–	–	1	–
HK$3,000,001 – HK$3,500,000	–	1	–	–	–
HK$3,500,001 – HK$4,000,000	–	2	–	–	2
HK$4,500,001 – HK$5,000,000	–	–	–	–	1
HK$6,000,001 – HK$6,500,000	–	–	1	–	–
HK$8,000,001 – HK$8,500,000	–	–	1	–	–

10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	Year ended 31 December 2022		
	Before-tax amount	Tax benefit	Net-of-tax amount
	RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	(47,450)	6,515	(40,935)
Exchange differences on translation of financial statements into presentation currency	82,080	–	82,080
Share of other comprehensive income of associates	127	–	127
Other comprehensive income	34,757	6,515	41,272

	Year ended 31 December 2023		
	Before-tax amount	Tax expense	Net-of-tax amount
	RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	216,514	(53,686)	162,828
Exchange differences on translation of financial statements into presentation currency	17,823	–	17,823
Share of other comprehensive income of associates	(2)	–	(2)
Other comprehensive income	234,335	(53,686)	180,649

	Year ended 31 December 2024		
	Before-tax amount	Tax expense	Net-of-tax amount
	RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	209,110	(15,640)	193,470
Exchange differences on translation of financial statements into presentation currency	17,887	–	17,887
Share of other comprehensive income of associates	2	–	2
Other comprehensive income	226,999	(15,640)	211,359

	Six months ended 30 June 2025		
	Before-tax amount	Tax expense	Net-of-tax amount
	RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	170,837	(25,922)	144,915
Exchange differences on translation of financial statements into presentation currency	(4,872)	–	(4,872)
Other comprehensive income	165,965	(25,922)	140,043

	Six months ended 30 June 2024 (unaudited)		
	Before-tax amount	Tax benefit	Net-of-tax amount
	RMB'000	RMB'000	RMB'000
Equity securities designated at FVOCI – net movement in fair value reserve (non-recycling)	(138,709)	33,321	(105,388)
Exchange differences on translation of financial statements into presentation currency	6,337	–	6,337
Share of other comprehensive income of associates	1	–	1
Other comprehensive income	(132,371)	33,321	(99,050)

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, after adjusting for the effect of dividends entitled to holders of restricted shares issued by the Company (Note 30(b)), and the weighted average number of the Company's ordinary shares in issue during the respective years/periods, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit attributable to all equity shareholders of the Company	2,052,882	161,141	1,102,543	517,000	575,476
Less: dividends that holders of restricted shares are entitled to receive *(Note 30(b))*	(1,802)	–	(364)	–	–
Profit attributable to ordinary equity shareholders of the Company used in calculating basic earnings per share	2,051,080	161,141	1,102,179	517,000	575,476

(ii) Weighted average number of ordinary shares

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000* *(unaudited)*	*'000*
Issued ordinary shares at the beginning of the year/period	667,467	667,025	666,906	666,906	664,124
Less: treasury shares at the beginning of the year/period *(Note 31(d)(ii))*	(5,538)	(3,745)	(3,510)	(3,510)	(3,041)
Ordinary shares outstanding at the beginning of the year/period	661,929	663,280	663,396	663,396	661,083
Effect of shares repurchased *(Note 31(d)(ii))*	–	(171)	(1,236)	(605)	–
Effect of share options exercised *(Note 31(d)(ii))*	–	–	–	–	217
Effect of restricted shares vested *(Note 31(d)(ii))*	710	574	559	303	243
Weighted average number of ordinary shares at the end of the year/period	662,639	663,683	662,719	663,094	661,543

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, and the weighted average number of the Company's ordinary shares (diluted), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	'000	*'000*	*'000*	*'000* *(unaudited)*	*'000*
Weighted average number of ordinary shares at the end of the year/period	662,639	663,683	662,719	663,094	661,543
Effect of deemed issue of shares under the Company's restricted shares plan *(Note 30(b))*	1,889	1,405	1,326	513	800
Effect of deemed issue of shares under the Company's share option plans *(Note 30(a))*	–	–	206	–	1,244
Weighted average number of ordinary shares (diluted) at the end of the year/period	664,528	665,088	664,251	663,607	663,587

12 PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Buildings	Machinery and equipment	Motor vehicles	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2022	395,110	744,254	1,500	47,551	94,613	1,283,028
Additions	10,046	342,672	348	3,032	39,475	395,573
Disposals	–	(17,180)	–	–	(4,924)	(22,104)
Exchange adjustments	4,412	4,301	–	–	108	8,821
At 31 December 2022	409,568	1,074,047	1,848	50,583	129,272	1,665,318
Accumulated depreciation:						
At 1 January 2022	28,647	346,842	963	8,931	42,857	428,240
Charge for the year	11,369	170,508	260	12,462	24,847	219,446
Written back on disposals	–	(15,455)	–	–	(4,658)	(20,113)
Exchange adjustments	257	3,361	–	–	90	3,708
At 31 December 2022	40,273	505,256	1,223	21,393	63,136	631,281
Carrying amount:						
At 31 December 2022	369,295	568,791	625	29,190	66,136	1,034,037

	Buildings	Machinery and equipment	Motor vehicles	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	409,568	1,074,047	1,848	50,583	129,272	1,665,318
Additions	159,376	168,726	156	22,337	24,434	375,029
Disposals	–	(7,564)	–	(4,364)	(4,515)	(16,443)
Exchange adjustments	885	795	–	–	11	1,691
At 31 December 2023	569,829	1,236,004	2,004	68,556	149,202	2,025,595
Accumulated depreciation:						
At 1 January 2023	40,273	505,256	1,223	21,393	63,136	631,281
Charge for the year	13,837	218,380	210	11,989	32,369	276,785
Written back on disposals	–	(6,816)	–	(4,364)	(4,243)	(15,423)
Exchange adjustments	83	967	–	–	12	1,062
At 31 December 2023	54,193	717,787	1,433	29,018	91,274	893,705
Carrying amount:						
At 31 December 2023	515,636	518,217	571	39,538	57,928	1,131,890
Cost:						
At 1 January 2024	569,829	1,236,004	2,004	68,556	149,202	2,025,595
Additions	1,545	200,831	2,674	4,095	17,017	226,162
Additions through acquisition of a subsidiary *(Note 33)*	–	11,504	256	446	7,156	19,362
Disposals	–	(2,147)	(420)	–	(1,623)	(4,190)
Exchange adjustments	792	960	25	–	5	1,782
At 31 December 2024	572,166	1,447,152	4,539	73,097	171,757	2,268,711
Accumulated depreciation:						
At 1 January 2024	54,193	717,787	1,433	29,018	91,274	893,705
Charge for the year	15,449	225,141	495	13,313	29,417	283,815
Additions through acquisition of a subsidiary *(Note 33)*	–	227	–	–	3,397	3,624
Written back on disposals	–	(1,407)	(399)	–	(906)	(2,712)
Exchange adjustments	65	717	2	–	6	790
At 31 December 2024	69,707	942,465	1,531	42,331	123,188	1,179,222
Carrying amount:						
At 31 December 2024	502,459	504,687	3,008	30,766	48,569	1,089,489

	Buildings	Machinery and equipment	Motor vehicles	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2025	572,166	1,447,152	4,539	73,097	171,757	2,268,711
Additions	1,635	219,882	–	17,165	9,388	248,070
Disposals	–	(24,401)	–	(82)	(1,922)	(26,405)
Exchange adjustments	(232)	(244)	(9)	(40)	14	(511)
At 30 June 2025	573,569	1,642,389	4,530	90,140	179,237	2,489,865
Accumulated depreciation and impairment losses:						
At 1 January 2025	69,707	942,465	1,531	42,331	123,188	1,179,222
Charge for the period	7,963	101,951	415	9,889	13,299	133,517
Capitalised to development expenditure	–	23,185	–	77	–	23,262
Impairment loss *(Note (i))*	–	3,810	–	–	–	3,810
Written back on disposals	–	(21,446)	–	(82)	(1,796)	(23,324)
Exchange adjustments	(20)	(178)	(2)	–	4	(196)
At 30 June 2025	77,650	1,049,787	1,944	52,215	134,695	1,316,291
Carrying amount:						
At 30 June 2025	495,919	592,602	2,586	37,925	44,542	1,173,574

Note (i):

During the six months ended 30 June 2025, given the drop in market demand, the Group has identified products that had under-performed against expectation, and has carried out impairment testing on the related property, plant and equipment and intangible assets, and written down such assets to their recoverable amounts, and the related impairment losses were recognised in profit or loss.

(b) The Company

	Buildings	Machinery and equipment	Motor vehicles	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2022	216,376	594,107	847	18,954	44,159	874,443
Additions	–	192,706	–	1,882	26,394	220,982
Disposals	–	(18,051)	–	–	(2,873)	(20,924)
At 31 December 2022	216,376	768,762	847	20,836	67,680	1,074,501
Accumulated depreciation:						
At 1 January 2022	14,843	271,507	754	1,549	25,485	314,138
Charge for the year	5,901	124,851	51	4,600	10,141	145,544
Written back on disposals	–	(12,396)	–	–	(2,728)	(15,124)
At 31 December 2022	20,744	383,962	805	6,149	32,898	444,558
Carrying amount:						
At 31 December 2022	195,632	384,800	42	14,687	34,782	629,943
Cost:						
At 1 January 2023	216,376	768,762	847	20,836	67,680	1,074,501
Additions	–	134,651	–	–	12,668	147,319
Disposals	–	(7,480)	–	–	(1,953)	(9,433)
At 31 December 2023	216,376	895,933	847	20,836	78,395	1,212,387
Accumulated depreciation:						
At 1 January 2023	20,744	383,962	805	6,149	32,898	444,558
Charge for the year	5,901	155,120	–	4,709	16,490	182,220
Written back on disposals	–	(6,736)	–	–	(1,853)	(8,589)
At 31 December 2023	26,645	532,346	805	10,858	47,535	618,189
Carrying amount:						
At 31 December 2023	189,731	363,587	42	9,978	30,860	594,198
Cost:						
At 1 January 2024	216,376	895,933	847	20,836	78,395	1,212,387
Additions	–	148,357	464	2,686	10,347	161,854
Disposals	–	(123,275)	(420)	–	(7,981)	(131,676)
At 31 December 2024	216,376	921,015	891	23,522	80,761	1,242,565
Accumulated depreciation:						
At 1 January 2024	26,645	532,346	805	10,858	47,535	618,189
Charge for the year	5,901	158,156	29	4,162	15,583	183,831
Written back on disposals	–	(65,192)	(399)	–	(2,786)	(68,377)
At 31 December 2024	32,546	625,310	435	15,020	60,332	733,643
Carrying amount:						
At 31 December 2024	183,830	295,705	456	8,502	20,429	508,922

	Buildings	Machinery and equipment	Motor vehicles	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2025	216,376	921,015	891	23,522	80,761	1,242,565
Additions	–	176,219	–	99	2,936	179,254
Disposals	–	(95,726)	–	(2,811)	(646)	(99,183)
At 30 June 2025	216,376	1,001,508	891	20,810	83,051	1,322,636
Accumulated depreciation and impairment losses:						
At 1 January 2025	32,546	625,310	435	15,020	60,332	733,643
Charge for the period	2,950	66,280	44	2,325	6,667	78,266
Capitalised to development expenditure	–	9,198	–	–	–	9,198
Impairment loss	–	3,792	–	–	–	3,792
Written back on disposals	–	(1,861)	–	(2,810)	(613)	(5,284)
At 30 June 2025	35,496	702,719	479	14,535	66,386	819,615
Carrying amount:						
At 30 June 2025	180,880	298,789	412	6,275	16,665	503,021

13 RIGHT-OF-USE ASSETS

The reconciliations of the carrying amounts of right-of-use assets by class of underlying assets are as follows:

(a) The Group

	Leased properties	Land use rights	Others	Total
	RMB'000 *(Note (i))*	*RMB'000* *(Note (ii))*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2022	151,036	5,224	9,717	165,977
Additions	15,870	–	4,217	20,087
Disposals	(8,026)	–	–	(8,026)
Exchange adjustments	116	–	–	116
At 31 December 2022	158,996	5,224	13,934	178,154
Accumulated depreciation:				
At 1 January 2022	23,133	557	1,889	25,579
Charge for the year	33,060	104	3,879	37,043
Written back on disposals	(6,124)	–	–	(6,124)
Exchange adjustments	53	–	–	53
At 31 December 2022	50,122	661	5,768	56,551
Carrying amount:				
At 31 December 2022	108,874	4,563	8,166	121,603
Cost:				
At 1 January 2023	158,996	5,224	13,934	178,154
Additions	32,862	–	2,168	35,030
Disposals	(11,335)	–	–	(11,335)
Exchange adjustments	(7)	–	–	(7)
At 31 December 2023	180,516	5,224	16,102	201,842
Accumulated depreciation:				
At 1 January 2023	50,122	661	5,768	56,551
Charge for the year	36,750	104	5,645	42,499
Written back on disposals	(8,578)	–	–	(8,578)
Exchange adjustments	(5)	–	–	(5)
At 31 December 2023	78,289	765	11,413	90,467
Carrying amount:				
At 31 December 2023	102,227	4,459	4,689	111,375

	Leased properties	Land use rights	Others	Total
	RMB'000 *(Note (i))*	*RMB'000* *(Note (ii))*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2024	180,516	5,224	16,102	201,842
Additions	13,116	–	11,129	24,245
Additions through acquisition of a subsidiary *(Note 33)*	12,180	–	–	12,180
Disposals	(255)	–	–	(255)
Exchange adjustments	53	–	–	53
At 31 December 2024	205,610	5,224	27,231	238,065
Accumulated depreciation:				
At 1 January 2024	78,289	765	11,413	90,467
Charge for the year	38,232	104	6,066	44,402
Additions through acquisition of a subsidiary *(Note 33)*	5,451	–	–	5,451
Written back on disposals	(255)	–	–	(255)
Exchange adjustments	16	–	–	16
At 31 December 2024	121,733	869	17,479	140,081
Carrying amount:				
At 31 December 2024	83,877	4,355	9,752	97,984
Cost:				
At 1 January 2025	205,610	5,224	27,231	238,065
Additions	44,469	–	–	44,469
Disposals	(11,345)	–	–	(11,345)
Exchange adjustments	(72)	–	–	(72)
At 30 June 2025	238,662	5,224	27,231	271,117
Accumulated depreciation:				
At 1 January 2025	121,733	869	17,479	140,081
Charge for the period	25,252	52	2,641	27,945
Written back on disposals	(7,085)	–	–	(7,085)
Exchange adjustments	(24)	–	–	(24)
At 30 June 2025	139,876	921	20,120	160,917
Carrying amount:				
At 30 June 2025	98,786	4,303	7,111	110,200

The analyses of expense items in relation to leases recognised in profit or loss are as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation charges of right-of-use assets	37,043	42,499	44,402	22,082	27,945
Interest on lease liabilities *(Note 6(a))*	6,973	6,659	5,558	2,941	2,721
Expenses relating to short-term leases	3,171	3,025	3,151	1,512	1,380

Details of total cash outflow for leases and the maturity analyses of lease liabilities are set out in Notes 23(c) and 28, respectively.

(i) Leased properties

The Group has obtained the right to use properties as office premises through tenancy agreements. The leases typically run for an initial period of 2 to 6 years.

(ii) Land use rights

Land in respect of land use rights are all located in Chinese Mainland with a lease period of 50 years. Lump sum payments were made upfront to acquire these property interests from the relevant government authorities.

(b) The Company

	Leased properties	Others	Total
	RMB'000 *(Note 13(a)(i))*	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2022	82,633	9,717	92,350
Additions	–	4,217	4,217
At 31 December 2022	82,633	13,934	96,567
Accumulated depreciation:			
At 1 January 2022	9,073	1,889	10,962
Charge for the year	16,019	3,879	19,898
At 31 December 2022	25,092	5,768	30,860
Carrying amount:			
At 31 December 2022	57,541	8,166	65,707
Cost:			
At 1 January 2023	82,633	13,934	96,567
Additions	–	2,168	2,168
At 31 December 2023	82,633	16,102	98,735
Accumulated depreciation:			
At 1 January 2023	25,092	5,768	30,860
Charge for the year	16,019	5,645	21,664
At 31 December 2023	41,111	11,413	52,524
Carrying amount:			
At 31 December 2023	41,522	4,689	46,211
Cost:			
At 1 January 2024	82,633	16,102	98,735
Additions	3,304	11,129	14,433
At 31 December 2024	85,937	27,231	113,168
Accumulated depreciation:			
At 1 January 2024	41,111	11,413	52,524
Charge for the year	16,461	6,066	22,527
At 31 December 2024	57,572	17,479	75,051
Carrying amount:			
At 31 December 2024	28,365	9,752	38,117

	Leased properties	Others	Total
	RMB'000 *(Note 13(a)(i))*	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2025	85,937	27,231	113,168
Additions	–	–	–
At 30 June 2025	85,937	27,231	113,168
Accumulated depreciation:			
At 1 January 2025	57,572	17,479	75,051
Charge for the period	8,235	2,641	10,876
At 30 June 2025	65,807	20,120	85,927
Carrying amount:			
At 30 June 2025	20,130	7,111	27,241

14 INTANGIBLE ASSETS

(a) The Group

	Development expenditure	Patents and proprietary technologies	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2022	129,970	387,589	121,113	638,672
Additions	93,865	–	40,855	134,720
Transfer (out)/in	(112,520)	112,520	–	–
Disposals	–	–	(22,387)	(22,387)
Exchange adjustments	–	93	–	93
At 31 December 2022	111,315	500,202	139,581	751,098
Accumulated amortisation and impairment losses:				
At 1 January 2022	–	156,234	41,129	197,363
Amortisation for the year	–	74,618	40,646	115,264
Written back on disposals	–	–	(22,387)	(22,387)
Exchange adjustments	–	18	–	18
At 31 December 2022	–	230,870	59,388	290,258
Carrying amount:				
At 31 December 2022	111,315	269,332	80,193	460,840
Cost:				
At 1 January 2023	111,315	500,202	139,581	751,098
Additions	77,124	637	29,394	107,155
Transfer (out)/in	(25,978)	25,978	–	–
Disposals	–	–	(36,078)	(36,078)
Exchange adjustments	–	19	–	19
At 31 December 2023	162,461	526,836	132,897	822,194
Accumulated amortisation and impairment losses:				
At 1 January 2023	–	230,870	59,388	290,258
Amortisation for the year	–	87,520	36,877	124,397
Impairment loss	2,630	–	–	2,630
Written back on disposals	–	–	(36,078)	(36,078)
Exchange adjustments	–	50	–	50
At 31 December 2023	2,630	318,440	60,187	381,257
Carrying amount:				
At 31 December 2023	159,831	208,396	72,710	440,937

	Development expenditure	Patents and proprietary technologies	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2024	162,461	526,836	132,897	822,194
Additions	133,727	–	124,960	258,687
Additions through acquisition of a subsidiary *(Note 33)*	–	39,252	8,255	47,507
Transfer (out)/in	(75,246)	75,246	–	–
Disposals	(2,630)	(283)	(26,326)	(29,239)
Exchange adjustments	–	17	–	17
At 31 December 2024	218,312	641,068	239,786	1,099,166
Accumulated amortisation and impairment losses:				
At 1 January 2024	2,630	318,440	60,187	381,257
Amortisation for the year	–	94,294	44,828	139,122
Additions through acquisition of a subsidiary *(Note 33)*	–	–	3,795	3,795
Written back on disposals	(2,630)	(283)	(26,326)	(29,239)
Exchange adjustments	–	16	–	16
At 31 December 2024	–	412,467	82,484	494,951
Carrying amount:				
At 31 December 2024	218,312	228,601	157,302	604,215
Cost:				
At 1 January 2025	218,312	641,068	239,786	1,099,166
Additions	91,824	–	19,697	111,521
Capitalised to development expenditure	26,741	–	–	26,741
Transfer (out)/in	(131,387)	131,387	–	–
Disposals	–	–	(9,303)	(9,303)
Exchange adjustments	–	(5)	–	(5)
At 30 June 2025	205,490	772,450	250,180	1,228,120
Accumulated amortisation and impairment losses:				
At 1 January 2025	–	412,467	82,484	494,951
Amortisation for the period	–	49,198	33,299	82,497
Capitalised to development expenditure	–	–	3,479	3,479
Impairment loss *(Note 12(a)(i))*	–	1,903	–	1,903
Written back on disposals	–	–	(9,303)	(9,303)
Exchange adjustments	–	(5)	–	(5)
At 30 June 2025	–	463,563	109,959	573,522
Carrying amount:				
At 30 June 2025	205,490	308,887	140,221	654,598

The Group identifies the development of each potential product under individual project. Generally, it takes the Group one to three years to convert capitalised development expenditure under each individual projects into patents and proprietary technologies, which is taking at the point of time when the Group is able to mass produce the products using these patents and proprietary technologies to meet market demands. The Group categorises the above projects into various product types and performs impairment tests on each category comprising these capitalised development expenditures annually. For the purpose of impairment testing, capitalised development expenditure is allocated to CGUs comprising the assets and liabilities that are expected to generate cash flows with such development expenditures. The recoverable amounts of the CGUs comprising capitalised development expenditures are determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a period of six to eight years, in light of the expected overall life cycle of these projects. The key assumptions used in estimating the recoverable amounts are as follows:

	As at 31 December		
	2022	**2023**	**2024**
Gross profit margin *(Note (i))*	13%-48%	12%-49%	10%-44%
Pre-tax discount rate *(Note (ii))*	14.86%-15.13%	14.65%-15.29%	16.07%

(i) The gross profit margin is based on current operational status and future business plan of the CGUs, and the Group's historical experience and forecast of the semiconductor markets.

(ii) The pre-tax discount rate reflects specific risks relating to the respective CGUs comprising development expenditures.

The Group performs annual impairment tests on development expenditure at the end of the reporting year. In carrying out the impairment testing, the management of the Group also considers the commercial feasibility of the potential products that will be produced under each project and its related market demand. Based on the impairment testing carried out by the management of the Group during the Track Record Period, it had been determined that the previous capitalised development expenditure of RMB2,630,000 was considered to be no longer commercially feasible and has been fully impaired as at 31 December 2023, and accordingly, the related impairment loss was recognised in profit or loss for the year ended 31 December 2023. Apart from the above impaired development expenditure, the amounts of headroom for CGUs comprising the remaining capitalised development expenditure amounted to RMB696,178,000, RMB1,313,047,000 and RMB1,040,597,000 as at 31 December 2022, 2023 and 2024, respectively. As at 30 June 2025, the management of the Group considered there is no indication of impairment as to CGUs comprising development expenditure, and as a result no impairment test was considered necessary.

The management of the Group have undertaken sensitivity analyses on the impairment test of CGUs comprising development expenditure and identified a reasonably possible change in key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount. The following tables set out the hypothetical change to gross profit margin that would have removed the remaining headroom:

	As at 31 December		
	2022	**2023**	**2024**
Gross profit margin	-76% to -15%	-78% to -13%	-58% to -7%

The management of the Group believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the CGUs to exceed its recoverable amount.

(b) The Company

	Development expenditure	Patents and proprietary technologies	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2022	133,399	125,836	91,633	350,868
Additions	158,166	–	33,202	191,368
Transfer (out)/in	(152,953)	152,953	–	–
Disposals	–	–	(21,939)	(21,939)
At 31 December 2022	138,612	278,789	102,896	520,297
Accumulated amortisation and impairment losses:				
At 1 January 2022	–	51,952	31,529	83,481
Amortisation for the year	–	39,324	27,321	66,645
Written back on disposals	–	–	(21,939)	(21,939)
At 31 December 2022	–	91,276	36,911	128,187
Carrying amount:				
At 31 December 2022	138,612	187,513	65,985	392,110
Cost:				
At 1 January 2023	138,612	278,789	102,896	520,297
Additions	113,855	637	24,816	139,308
Transfer (out)/in	(25,978)	25,978	–	–
Disposals	–	–	(24,218)	(24,218)
At 31 December 2023	226,489	305,404	103,494	635,387
Accumulated amortisation and impairment losses:				
At 1 January 2023	–	91,276	36,911	128,187
Amortisation for the year	–	63,888	29,609	93,497
Impairment loss	2,630	–	–	2,630
Written back on disposals	–	–	(24,218)	(24,218)
At 31 December 2023	2,630	155,164	42,302	200,096
Carrying amount:				
At 31 December 2023	223,859	150,240	61,192	435,291
Cost:				
At 1 January 2024	226,489	305,404	103,494	635,387
Additions	111,590	–	110,519	222,109
Transfer (out)/in	(101,928)	101,928	–	–
Disposals	(173,719)	–	(21,878)	(195,597)
At 31 December 2024	62,432	407,332	192,135	661,899

	Development expenditure	Patents and proprietary technologies	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated amortisation and impairment losses:				
At 1 January 2024	2,630	155,164	42,302	200,096
Amortisation for the year	–	73,018	36,495	109,513
Written back on disposals	(2,630)	–	(21,878)	(24,508)
At 31 December 2024	–	228,182	56,919	285,101
Carrying amount:				
At 31 December 2024	62,432	179,150	135,216	376,798
Cost:				
At 1 January 2025	62,432	407,332	192,135	661,899
Additions	37,728	–	19,138	56,866
Capitalised to development expenditure	12,472	–	–	12,472
Transfer (out)/in	(23,370)	23,370	–	–
Disposals	–	–	(8,477)	(8,810)
At 30 June 2025	89,262	430,702	202,796	722,760
Accumulated amortisation and impairment losses:				
At 1 January 2025	–	228,182	56,919	285,101
Amortisation for the period	–	43,014	27,086	70,100
Capitalised to development expenditure	–	–	3,274	3,274
Impairment loss	–	1,903	–	1,903
Written back on disposals	–	–	(8,477)	(8,477)
At 30 June 2025	–	273,099	78,802	351,901
Carrying amount:				
At 30 June 2025	89,262	157,603	123,994	370,859

15 GOODWILL

	SiLead CGU	XySemi CGU	Freethink CGU	Total
	RMB'000 *(Note 15(a))*	*RMB'000* *(Note 15(b))*	*RMB'000*	*RMB'000*
Cost:				
At January 1 2022 and at 31 December 2022 and 2023	1,305,479	–	3,092	1,308,571
Additions through acquisition of a subsidiary *(Note 33)*	–	207,083	–	207,083
At 31 December 2024 and at 30 June 2025	1,305,479	207,083	3,092	1,515,654
Accumulated impairment losses:				
At 1 January 2022	283,606	–	–	283,606
Impairment loss	241,491	–	–	241,491
At 31 December 2022 and 1 January 2023	525,097	–	–	525,097
Impairment loss	373,372	–	–	373,372
At 31 December 2023, 2024 and 30 June 2025	898,469	–	–	898,469
Carrying amount:				
At 31 December 2022	780,382	–	3,092	783,474
At 31 December 2023	407,010	–	3,092	410,102
At 31 December 2024	407,010	207,083	3,092	617,185
At 30 June 2025	407,010	207,083	3,092	617,185

Impairment tests for CGUs containing goodwill

The Group performs annual impairment tests on goodwill at the end of the reporting year. For the purpose of impairment testing as at 31 December 2022, 2023 and 2024, goodwill arising from the acquisition of SiLead Inc. (上海思立微電子科技有限公司) in 2019 was allocated to the SiLead CGU, goodwill arising from the acquisition of Suzhou XySemi Electronic Technology Co., Ltd. (蘇州賽芯電子科技有限公司) in 2024 was allocated to the XySemi CGU, and goodwill arising from the acquisition of Suzhou Freethink Information Technology Co., Ltd. (蘇州福瑞思信息科技有限公司) in 2019 was allocated to the Freethink CGU. As at 30 June 2025, the management of the Group considered there is no indication of impairment as to CGUs containing goodwill, and as a result no impairment test was considered necessary.

(a) SiLead CGU

The recoverable amount of the SiLead CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amounts are as follows:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Annual revenue growth rates during the five-year period *(Note (i))*	6%-36%	8%-31%	3%-16%
Net profit margin *(Note (i))*	4%-11%	1%-9%	2%-11%
Growth rate beyond the five-year period *(Note (ii))*	0%	0%	0%
Pre-tax discount rate *(Note (iii))*	11.64%	10.61%	10.65%

(i) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and the Group's historical experience and forecast of the semiconductor markets.

(ii) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.

(iii) The pre-tax discount rate reflects specific risks relating to the SiLead CGU.

The management of the Group considered that attributable to the delay in the commercial production of certain customers' products which resulted in the SiLead CGU not meeting the original expected business results, and based on the above assessments, concluded that impairment losses of RMB241,491,000 and RMB373,372,000 were required at 31 December 2022 and 2023, respectively, and such losses were recognised in profit or loss for the years ended 31 December 2022 and 2023, respectively. As at 31 December 2024, the amount of headroom for SiLead CGU was RMB14,060,000.

The management of the Group have undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters that would cause the carrying amount of the CGU to exceed its recoverable amount. The following table sets out the hypothetical change to pre-tax discount rate that would have removed the remaining headroom:

As at 31 December 2024	**SiLead CGU**
Pre-tax discount rate	+2.0%

(b) XySemi CGU

The recoverable amount of the XySemi CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amount are as follows:

	As at 31 December 2024
	RMB'000
Annual revenue growth rates during the five-year period *(Note (i))*	2%-24%
Net profit margin *(Note (i))*	27%-29%
Growth rate beyond the five-year period *(Note (ii))*	0%
Pre-tax discount rate *(Note (iii))*	15.26%

(i) The annual revenue growth rates and net profit margin are based on current operational status and future business plan of the CGU, and the Group's historical experience and forecast of the semiconductor markets.

(ii) The growth rate beyond the five-year period does not exceed the average growth rate of the relevant industry.

(iii) The pre-tax discount rate reflects specific risks relating to the XySemi CGU.

As at 31 December 2024, the amount of headroom for XySemi CGU was RMB39,116,000.

Management have undertaken sensitivity analysis on the impairment test of goodwill and identified a reasonably possible change in key parameters that would cause the carrying amount of the CGU to exceed its recoverable amount. The following table sets out the hypothetical change to pre-tax discount rate that would have removed the remaining headroom:

As at 31 December 2024	**XySemi CGU**
Pre-tax discount rate	+5.0%

16 INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost .	3,570,654	3,815,081	5,135,121	5,185,495
Less: impairment losses	–	(165,648)	(165,648)	(165,648)
	3,570,654	3,649,433	4,969,473	5,019,847

Details of the Group's subsidiaries are set out in Note 1.

XySemi, the subsidiary of the Group which accounts for the majority of the NCI, was acquired by the Group in December 2024, and the financial information of XySemi on the acquisition date is set out in Note 33.

17 INTERESTS IN ASSOCIATES

The Group

The following list contains the particulars of the Group's associates, all of which are unlisted corporate entities:

			Percentage of ownership interest attributable to the Group				
			As at 31 December			As at 30 June	
Name of associates	Place of establishment	Particulars of registered and paid-up capital	2022	2023	2024	2025	Principal activity
Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥)) *(i)(ii)* .	Chinese Mainland	Registered capital of RMB1,100,000,000 and paid-up capital of RMB770,000,000	–	–	27.27%	27.27%	Equity investment and asset management
Hefei Reliance Memory Limited (合肥睿科微電子有限公司) *(i)*	Chinese Mainland	RMB42,428,085	10.00%	12.50%	11.26%	10.08%	Design, technology development and sales of integrated circuit products
Transcputing Tech Co., Ltd (上海光羽芯辰科技有限公司) *(i)(ii)*	Chinese Mainland	Registered capital RMB21,524,522 and paid-up capital of RMB16,024,522	–	–	8.95%	12.06%	Sales of chips
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司) *(i)*.	Chinese Mainland	RMB10,526,316	19.00%	19.00%	19.00%	19.00%	Sales of chips

(i) These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

(ii) Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) and Transcputing Tech Co., Ltd are directly invested by the Company.

The Group concluded that the above entities are associates of the Group as the Group is able to exercise significant influence over these entities via its capability to appoint directors in these entities to exert the Group's influence, but not control, over their operations.

Aggregate information of associates that are not individually material is as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amounts of individually immaterial associates in the consolidated statements of financial position	11,800	25,734	137,074	305,219

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Aggregate amounts of the Group's share of the associates' profits less losses	(3,957)	(4,020)	(7,575)	(2,784)	(10,346)

18 EQUITY SECURITIES DESIGNATED AT FVOCI

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in unlisted equity securities	1,514,674	1,453,024	3,170,572	3,417,433
Investments in equity securities listed in Chinese Mainland	18,351	291,365	195,297	74,266
	1,533,025	1,744,389	3,365,869	3,491,699

The unlisted equity securities were mainly investments in entities established in Chinese Mainland. The Group designated these investments as financial assets measured at FVOCI (non-recycling), as the investments are held for strategic purposes. As at 31 December 2022, 2023 and 2024 and 30 June 2025, RMB1,133,807,000, RMB1,133,807,000, RMB2,833,601,000 and RMB2,855,552,000 represents the Group's investments in a related party, CXMT Corporation (長鑫科技集團股份有限公司)*, an entity principally engaged in the design, manufacture and sales of semiconductor products.

Dividends of RMB4,868,000, RMBNil, RMB1,259,000 and RMBNil were received by the Group on these investments during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, respectively (see Note 5).

* The entity's official name is in Chinese. The English translation of the entity's name is for identification only.

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in unlisted equity securities	1,265,433	1,308,433	3,016,601	3,089,940
Investments in equity securities listed in Chinese Mainland	18,351	21,299	16,355	23,675
	1,283,784	1,329,732	3,032,956	3,113,615

19 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FVPL

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
– Private equity funds	80,000	145,612	210,894	209,150
Current assets				
– Wealth management products	1,857,548	1,805,558	120,000	60,714
– Foreign exchange forward contracts	–	–	–	1,789
	1,857,548	1,805,558	120,000	62,503

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
– Foreign exchange forward contracts	–	–	–	4,662

All non-current assets are investments in unlisted private equity funds established in Chinese Mainland and are measured at FVPL.

Wealth management products are issued by financial institutions in Chinese Mainland. During the Track Record Period, the investment period of the wealth management products ranged from 31 to 365 days with expected annual yield ranging from 0.50% to 3.40%.

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
– Private equity funds	80,000	125,600	190,882	189,138
Current assets				
– Wealth management products	1,517,438	1,504,350	–	–
– Foreign exchange forward contracts	–	–	–	1,789
	1,517,438	1,504,350	–	1,789

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
– Foreign exchange forward contracts	–	–	–	4,258

20 INVENTORIES

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	1,192,425	1,339,048	1,134,950	1,057,724
Work in progress	261,161	289,985	426,950	645,774
Finished goods	928,945	706,050	1,156,432	980,717
Others	–	–	859	3,823
	2,382,531	2,335,083	2,719,191	2,688,038
Less: write-down of inventories	(228,655)	(344,217)	(372,823)	(287,389)
	2,153,876	1,990,866	2,346,368	2,400,649

The analyses of the amounts of inventories recognised as cost of sales and included in profit or loss are as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amount of inventories consumed	4,251,890	3,885,342	4,651,981	2,332,884	2,683,993
Add: write-down of inventories, net	136,175	115,562	28,606	(33,305)	(85,434)
	4,388,065	4,000,904	4,680,587	2,299,579	2,598,559

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	891,586	681,704	666,953	665,105
Work in progress	170,877	97,833	170,750	255,478
Finished goods	367,556	224,918	266,360	281,140
Others	–	–	2,802	9,773
	1,430,019	1,004,455	1,106,865	1,211,496
Less: write-down of inventories	(130,437)	(172,870)	(152,335)	(115,501)
	1,299,582	831,585	954,530	1,095,995

21 TRADE AND BILLS RECEIVABLES

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables due from third parties	142,625	114,147	212,601	227,305
Less: loss allowance *(Note 32(a))*	(504)	–	(585)	–
	142,121	114,147	212,016	227,305
Bills receivables	31,809	13,133	19,775	17,557
Financial assets measured at amortised cost	173,930	127,280	231,791	244,862

All of the trade and bills receivables are expected to be recovered within one year.

Ageing analyses

Trade receivables (net of loss allowance), based on the invoice date, are with the following ageing analyses as of the end of each reporting period:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 3 months	134,502	114,147	211,221	227,305
More than 3 months but less than 1 year	7,619	–	795	–
	142,121	114,147	212,016	227,305

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 32(a).

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables due from:				
– subsidiaries	700,183	1,879,545	1,775,500	1,529,528
– third parties	808	1,534	5,317	10,277
	700,991	1,881,079	1,780,817	1,539,805

22 PREPAYMENTS AND OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

(a) Prepayments and other current assets

(i) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables:				
– receivable from NCI arose from the acquisition of a subsidiary *(Notes (i) and 33)*	–	–	171,561	154,685
– deposits	13,567	15,715	39,124	37,369
– others	1,288	429	5,053	3,111
	14,855	16,144	215,738	195,165
Less: loss allowance *(Note 32(a))*	(2,298)	(3,518)	(8,086)	(9,136)
Financial assets measured at amortised cost	12,557	12,626	207,652	186,029
Prepayments for inventories to third parties	35,082	24,183	24,533	36,845
Input VAT deductible	62,261	81,968	108,454	123,332
Current portion of other non-current assets *(Note 22(b)(i))*	194,000	243,000	250,000	349,806
Deposits for dividends to be distributed *(Note (ii))*	–	–	–	204,642
Prepayments for costs incurred in connection with the proposed initial listing of the H shares of the Company *(Note (iii))*	–	–	–	15,077
Others	16,197	24,243	17,975	26,714
	320,097	386,020	608,614	942,445

All of the prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

Notes:

(i) The receivable from NCI is secured by the NCI's equity interests in XySemi and properties owned by the NCI.

(ii) Pursuant to the shareholders' approval at the Company's annual general meeting held on 16 May 2025 and the subsequent announcement on 7 June 2025 regarding the delay in dividend payment due to the changes in number of ordinary shares arising from the exercise of share options, the Company has placed dividends to be distributed of RMB204,642,000 to the China Securities Depository and Clearing Corporation Limited in escrow as at 30 June 2025, and the amount was subsequently distributed to the Company's shareholders on 3 July 2025.

(iii) The balance at 30 June 2025 included costs related to the proposed initial listing of the H shares of the Company on The Stock Exchange of Hong Kong Limited, and it will be transferred to share premium within equity upon the listing of the H shares of the Company on The Stock Exchange of Hong Kong Limited.

(ii) The Company

	As at December 31			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables:				
– amounts due from subsidiaries	105,288	388,700	1,135,731	581,030
– deposits	6,027	5,958	6,363	6,718
– others	115	182	2,608	1,180
	111,430	394,840	1,144,702	588,928
Less: loss allowance	(590)	(1,171)	(2,923)	(4,688)
Financial assets measured at amortised cost	110,840	393,669	1,141,779	584,240
Prepayments for inventories to third parties	32,321	22,328	23,862	32,391
Input VAT deductible	33,778	16,163	40,613	20,864
Current portion of other non-current assets *(Note 22(b)(ii))*	194,000	243,000	250,000	349,806
Deposits for dividends to be distributed *(Note 22(a)(ii))*	–	–	–	204,642
Prepayments for costs incurred in connection with the proposed initial listing of the H shares of the Company *(Note 22(a)(i))*	–	–	–	15,077
Others	14,936	22,559	16,561	25,143
	385,875	697,719	1,472,815	1,232,163

(b) Other non-current assets

(i) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for suppliers' production capacity *(Note)*	1,000,006	806,006	563,006	349,806
Prepayments for acquisitions of property, plant and equipment and intangible assets	166,835	9,860	89,262	106,841
	1,166,841	815,866	652,268	456,647
Less: current portion of other non-current assets *(Note 22(a)(i))*				
– prepayments for suppliers' production capacity expected to be settled within one year	(194,000)	(243,000)	(250,000)	(349,806)
	972,841	572,866	402,268	106,841

Note: The prepayments for suppliers' production capacity are deposits paid to suppliers to secure these suppliers' production capacities for a certain period, and will be deducted by subsequent purchases of inventories from these suppliers.

(ii) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for suppliers' production capacity	1,000,006	806,006	563,006	349,806
Prepayments for acquisitions of property, plant and equipment and intangible assets	8,035	1,954	80,806	11,043
	1,008,041	807,960	643,812	360,849
Less: current portion of other non-current assets *(Note 22(a)(ii))*				
– prepayments for suppliers' production capacity expected to be settled within one year	(194,000)	(243,000)	(250,000)	(349,806)
	814,041	564,960	393,812	11,043

23 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand comprise:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and on hand in the consolidated statements of financial position	6,874,850	7,265,862	9,128,010	7,863,121
Less: accrued interest arising from deposits	(87,645)	(134,974)	(23,851)	(33,444)
Cash and cash equivalents in the consolidated statements of cash flows	6,787,205	7,130,888	9,104,159	7,829,677

As at 31 December 2022, 2023 and 2024 and 30 June 2025, cash at bank and on hand amounted to RMB6,060,859,000, RMB4,335,169,000, RMB6,415,980,000 and RMB5,514,527,000, respectively, are placed at financial institutions in Chinese Mainland. Remittance of funds out of the Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliations of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans	Unvested restricted shares repurchase obligation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 25)*	*(Note 28)*	
At 1 January 2022	–	434,320	140,401	574,721
Changes from financing cash flows:				
Capital element of lease rentals paid	–	–	(31,353)	(31,353)
Interest element of lease rentals paid	–	–	(6,973)	(6,973)
Purchase of forfeited restricted shares	–	(34,472)	–	(34,472)
Total changes from financing cash flows	–	(34,472)	(38,326)	(72,798)
Other changes:				
Finance costs *(Note 6(a))*	–	916	6,973	7,889
Net increase in lease liabilities	–	–	15,286	15,286
Dividends in relation to unvested restricted shares *(Note 31(d)(ii))*	–	(4,849)	–	(4,849)
Restricted shares vested *(Note 31(d)(ii))*	–	(105,020)	–	(105,020)
Total other changes	–	(108,953)	22,259	(86,694)
At 31 December 2022	–	290,895	124,334	415,229

	Bank loans	Unvested restricted shares repurchase obligation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 25)*	*(Note 28)*	
At 1 January 2023	–	290,895	124,334	415,229
Changes from financing cash flows:				
Capital element of lease rentals paid	–	–	(42,103)	(42,103)
Interest element of lease rentals paid	–	–	(6,659)	(6,659)
Purchase of forfeited restricted shares	–	(10,292)	–	(10,292)
Total changes from financing cash flows	–	(10,292)	(48,762)	(59,054)
Other changes:				
Finance costs *(Note 6(a))*	–	456	6,659	7,115
Net increase in lease liabilities	–	–	34,035	34,035
Dividends in relation to unvested restricted shares *(Note 31(d)(ii))*	–	(1,802)	–	(1,802)
Restricted shares vested *(Note 31(d)(ii))*	–	(87,250)	–	(87,250)
Total other changes	–	(88,596)	40,694	(47,902)
At 31 December 2023	–	192,007	116,266	308,273

	Bank loans	Unvested restricted shares repurchase obligation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 25)*	*(Note 28)*	
At 1 January 2024	–	192,007	116,266	308,273
Changes from financing cash flows:				
Proceeds from bank loans	1,269,193	–	–	1,269,193
Repayment of bank loans	(418,699)	–	–	(418,699)
Interest paid	(9,660)	–	–	(9,660)
Capital element of lease rentals paid	–	–	(44,299)	(44,299)
Interest element of lease rentals paid	–	–	(5,558)	(5,558)
Purchase of forfeited restricted shares	–	(55,529)	–	(55,529)
Total changes from financing cash flows	840,834	(55,529)	(49,857)	735,448
Other changes:				
Finance costs *(Note 6(a))*	9,633	4,062	5,558	19,253
Additions through acquisition of a subsidiary *(Note 33)*	47,754	–	7,180	54,934
Net increase in lease liabilities	–	–	21,989	21,989
Restricted shares vested *(Note 31(d)(ii))*	–	(58,400)	–	(58,400)
Total other changes	57,387	(54,338)	34,727	37,776
At 31 December 2024	898,221	82,140	101,136	1,081,497

	Bank loans	Unvested restricted shares repurchase obligation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 25)*	*(Note 28)*	
At 1 January 2025	898,221	82,140	101,136	1,081,497
Changes from financing cash flows:				
Proceeds from bank loans	400,000	–	–	400,000
Repayment of bank loans	(678,489)	–	–	(678,489)
Interest paid	(11,269)	–	–	(11,269)
Capital element of lease rentals paid	–	–	(27,093)	(27,093)
Interest element of lease rentals paid	–	–	(2,721)	(2,721)
Total changes from financing cash flows	(289,758)	–	(29,814)	(319,572)
Other changes:				
Finance costs *(Note 6(a))*	11,112	254	2,721	14,087
Net increase in lease liabilities	–	–	40,699	40,699
Restricted shares vested *(Note 31(d)(ii))*	–	(51,009)	–	(51,009)
Total other changes	11,112	(50,755)	43,420	3,777
At 30 June 2025	619,575	31,385	114,742	765,702

	Bank loans	Unvested restricted shares repurchase obligation	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 27)	*(Note 25)*	*(Note 28)*	
At 1 January 2024	–	192,007	116,266	308,273
Changes from financing cash flows:				
Proceeds from bank loans (unaudited)	400,000	–	–	400,000
Interest paid (unaudited)	(2,802)	–	–	(2,802)
Capital element of lease rentals paid (unaudited)	–	–	(26,998)	(26,998)
Interest element of lease rentals paid (unaudited)	–	–	(2,941)	(2,941)
Purchase of forfeited restricted shares (unaudited)	–	(49,579)	–	(49,579)
Total changes from financing cash flows (unaudited)	397,198	(49,579)	(29,939)	317,680
Other changes:				
Finance costs *(Note 6(a))* (unaudited)	2,802	3,570	2,941	9,313
Net increase in lease liabilities (unaudited)	–	–	19,386	19,386
Restricted shares vested *(Note 31(d)(ii))* (unaudited)	–	(58,400)	–	(58,400)
Total other changes (unaudited)	2,802	(54,830)	22,327	(29,701)
At 30 June 2024 (unaudited)	400,000	87,598	108,654	596,252

(c) Total cash outflow for leases

Amounts included in the consolidated statements of cash flows for leases comprise the following:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Within operating cash flows	(3,171)	(3,025)	(3,151)	(1,512)	(1,380)
Within financing cash flows	(38,326)	(48,762)	(49,857)	(29,939)	(29,814)
	(41,497)	(51,787)	(53,008)	(31,451)	(31,194)

24 TRADE PAYABLES

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables due to:				
– third parties	376,730	428,008	620,126	631,028
– related parties	102,536	73,836	113,473	87,969
Financial liabilities measured at amortised cost	479,266	501,844	733,599	718,997

All of the trade payables are expected to be settled within one year or are repayable on demand.

At 31 December 2022, 2023 and 2024 and 30 June 2025, the ageing analyses of trade payables, based on the invoice date, are as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	475,291	464,941	732,588	717,990
After 1 year but within 2 years	804	35,852	66	40
After 2 years but within 3 years	1,847	585	7	30
After 3 years	1,324	466	938	937
	479,266	501,844	733,599	718,997

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables due to:				
– third parties	234,756	131,985	309,118	345,376
– related parties	57,653	21,937	91,946	52,708
– subsidiaries	982	1,002	4,259	8,663
	293,391	154,924	405,323	406,747

25 ACCRUALS AND OTHER PAYABLES

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Staff cost payables	234,859	95,498	291,238	202,644
Unvested restricted shares repurchase obligation	290,895	192,007	82,140	31,385
Payables for consultancy and technology fees	39,555	32,272	70,583	80,924
Dividends payable *(Note (i))*	–	–	–	225,575
Consideration payable for an acquisition of a subsidiary *(Note 33)*	–	–	15,123	–
Others	10,833	16,084	40,328	17,875
Financial liabilities measured at amortised cost	576,142	335,861	499,412	558,403
Other taxes and levies payables	22,484	15,800	23,319	35,121
	598,626	351,661	522,731	593,524

All of the accruals and other payables are expected to be settled within one year or are repayable on demand.

Note i: As mentioned in Note 22(a)(ii), the amount has been paid on 3 July 2025.

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	599,719	500,006	508,751	531,426
Staff cost payables	75,397	28,564	90,475	52,761
Unvested restricted shares repurchase obligation	290,895	192,007	82,140	31,385
Payables for consultancy and technology fees	11,988	7,462	46,830	54,648
Dividends payable *(Note 25(a)(i))*	–	–	–	225,575
Consideration payable for an acquisition of a subsidiary *(Note 33)*	–	–	15,123	–
Others	2,337	2,333	9,853	4,641
Financial liabilities measured at amortised cost	980,336	730,372	753,172	900,436
Other taxes and levies payables	10,872	6,473	10,749	8,120
	991,208	736,845	763,921	908,556

26 CONTRACT LIABILITIES

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers				
– third parties	82,201	85,169	93,161	133,400
– related parties	716	2,922	1,371	1,824
	82,917	88,091	94,532	135,224

The movements in contract liabilities during the Track Record Period are set out below:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Balance at 1 January	69,159	82,917	88,091	88,091	94,532
Increase in contract liabilities as a result of receipts in advance	81,877	87,035	92,865	91,593	114,660
Decrease in contract liabilities as a result of recognising revenue during the year/period	(68,119)	(81,861)	(86,424)	(78,852)	(73,968)
Balance at 31 December/30 June	82,917	88,091	94,532	100,832	135,224

Contract liabilities primarily arose from the considerations received from customers before the Group satisfying performance obligations. All of the contract liabilities are expected to be recognised as revenue within one year.

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advances received from customers:				
– third parties	13,295	14,372	23,632	31,948
– related parties	641	2,580	311	104
– subsidiaries	–	88,124	–	–
	13,936	105,076	23,943	32,052

27 BANK LOANS

(a) The Group

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unguaranteed and unsecured bank loans repayable within one year	–	–	898,221	619,575

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unguaranteed and unsecured bank loans repayable within one year	–	–	719,700	619,575

28 LEASE LIABILITIES

(a) The Group

At the end of each reporting period, the lease liabilities were repayable as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	34,433	41,876	53,113	62,246
After 1 year but within 2 years	34,393	40,004	35,038	30,737
After 2 years but within 5 years	55,508	34,386	12,985	21,759
	89,901	74,390	48,023	52,496
	124,334	116,266	101,136	114,742

(b) The Company

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	20,344	20,014	25,426	28,190
After 1 year but within 2 years	19,311	20,561	13,630	1,185
After 2 years but within 5 years	28,389	8,570	543	–
	47,700	29,131	14,173	1,185
	68,044	49,145	39,599	29,375

29 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Taxation in the consolidated statements of financial position represent:

The Group

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Balance of income tax payable (net of prepaid income tax) at the beginning of the year/period	83,373	(32,920)	(24,668)	(24,668)	28,297
Provision for the year *(Note 7(a))*	253,303	19,555	43,877	5,893	14,072
Under/(over)-provision in respect of prior years *(Note 7(a))*	3,072	(2,822)	2,345	2,118	595
Income tax (paid)/refunded	(369,504)	(8,077)	4,769	20,527	(54,188)
(Credited)/charged to reserves	(3,108)	–	–	–	31,697
Additions through acquisition of a subsidiary *(Note 33)*	–	–	1,946	–	–
Exchange adjustments	(56)	(404)	28	(119)	(11)
Balance of income tax payable (net of prepaid income tax) at the end of the year/period	(32,920)	(24,668)	28,297	3,751	20,462
Represented by:					
Income tax payable	1,422	2,703	28,311	5,292	21,402
Prepaid income tax	(34,342)	(27,371)	(14)	(1,541)	(940)
	(32,920)	(24,668)	28,297	3,751	20,462

(b) Deferred tax assets and liabilities recognised:

(i) Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

Deferred tax arising from:	Unused tax losses	Unrealised profits on intra-group transactions	Write-down of inventories	Share-based payment	Lease liabilities	Right-of-use assets	Fair value adjustments on intangible assets and subsequent amortisation in connection with business combinations	Fair value changes of financial assets	Others	Net
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	67,973	56,646	10,342	21,724	17,557	(16,263)	(13,962)	(65,605)	14,200	92,612
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	36,974	29,192	12,249	(15,890)	(778)	1,094	3,413	(2,902)	(16,520)	46,832
Credited to reserves *(Note 10)*	–	–	–	–	–	–	–	6,515	–	6,515
Exchange adjustments	10	–	(7)	13	–	–	–	–	(43)	(27)
At 31 December 2022 and 1 January 2023	104,957	85,838	22,584	5,847	16,779	(15,169)	(10,549)	(61,992)	(2,363)	145,932
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	60,728	(45,902)	13,904	(1,978)	(715)	874	2,387	19,474	4,354	53,126
Charged to reserves *(Note 10)*	–	–	–	–	–	–	–	(53,686)	–	(53,686)
Exchange adjustments	(3)	–	2	2	5	–	–	(1)	(1)	4
At 31 December 2023 and 1 January 2024	165,682	39,936	36,490	3,871	16,069	(14,295)	(8,162)	(96,205)	1,990	145,376
(Charged)/credited to the consolidated statement of profit or loss *(Note 7(a))*	(37,659)	17,755	(842)	11,718	(3,033)	2,320	2,583	26,007	4,591	23,440
Additions through acquisition of a subsidiary *(Note 33)*	–	11	2,605	–	–	45	(6,694)	–	146	(3,887)
Charged to reserves *(Note 10)*	–	–	–	–	–	–	–	(15,640)	–	(15,640)
Exchange adjustments	(23)	–	11	–	–	–	–	–	(13)	(25)
At 31 December 2024	128,000	57,702	38,264	15,589	13,036	(11,930)	(12,273)	(85,838)	6,714	149,264

Deferred tax arising from:	Unused tax losses	Unrealised profits on intra-group transactions	Write-down of inventories	Share-based payment	Lease liabilities	Right-of-use assets	Fair value adjustments on intangible assets and subsequent amortisation in connection with business combinations	Fair value changes of financial assets	Others	Net
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	128,000	57,702	38,264	15,589	13,036	(11,930)	(12,273)	(85,838)	6,714	149,264
Credited/(charged) to the consolidated statement of profit or loss *(Note 7(a))*	17,915	(10,060)	(10,306)	3,348	2,876	(3,104)	2,597	(951)	4,108	6,423
Charged to reserves *(Note 10)*	–	–	–	–	–	–	–	(25,922)	–	(25,922)
Reduction in equity securities designated at FVOCI	–	–	–	–	–	–	–	31,711	–	31,711
Share options exercised	–	–	–	3,570	–	–	–	–	–	3,570
Exchange adjustments	(1)	–	–	11	–	1	–	2	6	19
At 30 June 2025	145,914	47,642	27,958	22,518	15,912	(15,033)	(9,676)	(80,998)	10,828	165,065
At 1 January 2024	165,682	39,936	36,490	3,871	16,069	(14,295)	(8,162)	(96,205)	1,990	145,376
(Charged)/credited to the consolidated statement of profit or loss *(Note 7(a))* (unaudited)	(18,513)	14,460	(6,052)	1,465	(2,729)	2,017	1,194	3,370	1,922	(2,866)
Credited to reserves *(Note 10)* (unaudited)	–	–	–	–	–	–	–	33,321	–	33,321
Exchange adjustments (unaudited)	25	–	–	–	(7)	–	–	–	(4)	14
At 30 June 2024 (unaudited)	147,194	54,396	30,438	5,336	13,333	(12,278)	(6,968)	(59,514)	3,908	175,845

(ii) ***Reconciliation to the consolidated statements of financial position***

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets in the consolidated statements of financial position	234,424	269,918	269,055	269,831
Net deferred tax liabilities in the consolidated statements of financial position	(88,492)	(124,542)	(119,791)	(104,766)
	145,932	145,376	149,264	165,065

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB147,794,000, RMB152,839,000, RMB113,690,000 and RMB81,806,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities. These tax losses will expire in the following years:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2026	6,622	7,154	6,246	5,358
2027	1,956	1,373	1,373	1,412
2028	–	5,096	4,322	1,853
2029	–	–	25,570	1,637
2030	115,286	115,286	47,563	28,081
2031	23,930	23,930	24,355	24,163
2032	–	–	–	–
2033	–	–	–	2,018
2034	–	–	–	1,819
2035	–	–	–	15,465
Unexpire	–	–	4,261	–
	147,794	152,839	113,690	81,806

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Since 2020, the Group adopted several share-based payment plans pursuant to which the Group would grant share options or restricted shares to eligible directors and other employees of the Group, who contribute directly to the overall business performance and sustainable development of the Group.

(a) Share options

(i) The terms and conditions of the share options are granted as follows:

	Number of instruments	Vesting conditions	Contractual life
Share options granted to directors:			
– on 15 May 2024.	2,009,300	Include both performance and service period conditions	2-5 years
Share options granted to employees:			
– on 15 January 2021.	4,656,960*	Include both performance and service period conditions	2-5 years
– on 26 July 2021	3,104,830	Include both performance and service period conditions	2-5 years
– on 21 July 2023	10,743,800	Include both performance and service period conditions	2-5 years
– on 15 May 2024.	4,772,100	Include both performance and service period conditions	2-5 years
	25,286,990		

* The number of share options granted have been adjusted for the bonus issue took place in 2021.

(ii) The number and weighted average exercise prices of share options are as follows:

	Years ended 31 December						Six months ended 30 June			
	2022		2023		2024		2024		2025	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*	*RMB* (unaudited)	*'000* (unaudited)	*RMB*	*'000*
Outstanding at the beginning of the year/period	161.78	7,615	160.30	7,379	110.38	16,001	110.38	16,001	86.19	16,714
Granted during the year/period	–	–	86.47	10,744	59.18	6,781	59.18	6,781	–	–
Exercised during the year/period	–	–	–	–	–	–	–	–	59.18	(1,301)
Forfeited and lapsed during the year/period	173.85	(236)	160.77	(2,122)	119.79	(6,068)	114.43	(4,863)	130.77	(1,256)
Outstanding at the end of the year/period	160.30	7,379	110.38	16,001	86.19	16,714	89.90	17,919	84.72	14,157
Exercisable at the end of the year/period		1,845		1,747		–		–		999

The number of share options exercised was Nil, Nil, Nil and 1,301,000 during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

At 31 December 2022, the share options outstanding had an exercise price of RMB142.69 or RMB186.90 and a weighted average remaining contractual life of 23 months.

At 31 December 2023, the share options outstanding had an exercise price of RMB142.07, RMB186.28 or RMB86.47 and a weighted average remaining contractual life of 26 months.

At 31 December 2024, the share options outstanding had an exercise price of RMB142.07, RMB186.28, RMB86.47 or RMB59.18 and a weighted average remaining contractual life of 23 months.

At 30 June 2025, the share options outstanding had an exercise price of RMB142.07, RMB186.28, RMB86.47 or RMB59.18 and a weighted average remaining contractual life of 19 months.

(iii) Fair value of share options and assumptions

The estimate of the fair value of the share options granted is measured based on Black-Scholes -Merton model. Key assumptions used in determining the fair value of share options granted are as follows:

	2023	2024
Fair value of share options and assumptions		
Fair value at measurement date	30.58	27.37
Share price	112.27	83.42
Exercise price	86.47	59.18
Expected volatility	13.15%-16.25%	13.58%-15.30%
Option life	1-4 years	1-4 years
Expected dividends	0.43%-0.64%	0.43%-0.64%
Risk-free interest rate	1.5%-2.75%	1.5%-2.75%

Expected volatility is estimated based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Expected dividends are estimated based on historical dividends.

Risk-free interest rates are based on the benchmark interest rates for deposits placed at financial institutions set by The People's Bank of the PRC.

The Black-Scholes-Merton model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The fair values of share options will vary if different variables and assumptions are adopted.

Share options were granted under service conditions. These conditions have not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(b) Restricted shares

(i) The terms and conditions of the restricted shares are as follows:

	Number of instruments	Vesting conditions
Restricted shares granted to directors:		
– on 15 January 2021	364,000*	Include both performance and service period conditions
Restricted shares granted to employees:		
– on 15 January 2021	3,558,844*	Include both performance and service period conditions
– on 26 July 2021	1,416,942	Include both performance and service period conditions
– on 3 December 2021	258,300	Include both performance and service period conditions
	5,598,086	

* The number of share options granted have been adjusted for the bonus issue took place in 2021.

(ii) The number and weighted average subscription price of restricted shares are as follows:

	Years ended 31 December						Six months ended 30 June			
	2022		2023		2024		2024		2025	
	Weighted average subscription price	Number of restricted shares	Weighted average subscription price	Number of restricted shares	Weighted average subscription price	Number of restricted shares	Weighted average subscription price	Number of restricted shares	Weighted average subscription price	Number of restricted shares
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*	*RMB* *(unaudited)*	*'000* *(unaudited)*	*RMB*	*'000*
Outstanding at the beginning of the year/period	78.43	5,538	77.67	3,745	77.28	2,484	77.28	2,484	76.63	1,071
Vested during the year/period (*Note 31(d)(ii)*)	77.75	(1,351)	76.41	(1,142)	71.77	(814)	71.77	(814)	70.00	(729)
Forfeited during the year/period (*Note 31(d)(ii)*)	75.93	(442)	82.80	(119)	85.91	(599)	86.14	(534)	73.70	(29)
Outstanding at the end of the year/period	77.67	3,745	77.28	2,484	76.63	1,071	77.06	1,136	92.30	313

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliations between the opening and closing balances of each component of the Group's consolidated equity are set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity during the Track Record Period are set out below:

	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Fair value reserve	Other reserve	Retained earnings	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022		667,467	7,760,165	(434,320)	331,578	305,474	333,734	3,478,636	12,442,734
Changes in equity for the year ended 31 December 2022:									
Total comprehensive income for the year		–	–	–	–	(32,068)	–	2,228,191	2,196,123
Restricted shares vested	30(b)	–	118,069	105,020	(118,069)	–	–	–	105,020
Cancellation of shares	31(d)(ii)	(442)	(33,114)	33,556	–	–	–	–	–
Equity settled share-based payment expenses	30	–	–	–	203,181	–	782	–	203,963
Dividends in relation to unvested restricted shares		–	–	4,849	–	–	–	–	4,849
Dividends approved and paid	31(b)	–	–	–	–	–	–	(707,515)	(707,515)
		(442)	84,955	143,425	85,112	–	782	(707,515)	(393,683)
Balance at 31 December 2022 and 1 January 2023		667,025	7,845,120	(290,895)	416,690	273,406	334,516	4,999,312	14,245,174
Changes in equity for the year ended 31 December 2023:									
Total comprehensive income for the year		–	–	–	–	2,654	–	194,627	197,281
Restricted shares vested	30(b)	–	100,585	87,250	(100,585)	–	–	–	87,250
Cancellation of shares	31(d)(ii)	(119)	(9,717)	9,836	–	–	–	–	–
Purchase of own shares		–	–	(101,991)	–	–	–	–	(101,991)
Equity settled share-based payment expenses	30	–	–	–	97,138	–	–	–	97,138
Dividends in relation to unvested restricted shares		–	–	1,802	–	–	–	–	1,802
Dividends approved and paid	31(b)	–	–	–	–	–	–	(413,556)	(413,556)
		(119)	90,868	(3,103)	(3,447)	–	–	(413,556)	(329,357)
Balance at 31 December 2023 and 1 January 2024		666,906	7,935,988	(293,998)	413,243	276,060	334,516	4,780,383	14,113,098

	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Fair value reserve	Other reserve	Retained earnings	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes in equity for the year ended 31 December 2024:									
Total comprehensive income for the year		–	–	–	–	217,525	–	329,280	546,805
Restricted shares vested	30(b)	–	66,271	58,400	(66,271)	–	–	–	58,400
Cancellation of shares	31(d)(ii)	(2,782)	(247,532)	250,314	–	–	–	–	–
Purchase of own shares		–	–	(259,564)	–	–	–	–	(259,564)
Equity settled share-based payment expenses	30	–	–	–	158,681	–	–	–	158,681
Reduction in equity securities designated at FVOCI		–	–	–	–	(43,624)	–	43,624	–
Share of changes in associates' other reserve		–	–	–	–	–	15,146	–	15,146
		(2,782)	(181,261)	49,150	92,410	(43,624)	15,146	43,624	(27,337)
Balance at 31 December 2024		664,124	7,754,727	(244,848)	505,653	449,961	349,662	5,153,287	14,632,566
Balance at 1 January 2025		664,124	7,754,727	(244,848)	505,653	449,961	349,662	5,153,287	14,632,566
Changes in equity for the six months ended 30 June 2025:									
Total comprehensive income for the period		–	–	–	–	92,668	–	206,864	299,532
Restricted shares vested	30(b)	–	59,280	51,009	(59,280)	–	–	–	51,009
Share options exercised	30(a)	–	(2,198)	111,340	(32,120)	–	–	–	77,022
Cancellation of shares	31(d)(ii)	(65)	(5,393)	5,458	–	–	–	–	–
Equity settled share-based payment expenses	30	–	–	–	79,831	–	2,113	–	81,944
Reduction in equity securities designated at FVOCI		–	–	–	–	(2,153)	–	2,153	–
Dividends approved		–	–	–	–	–	–	(225,575)	(225,575)
Share of changes in associates' other reserve		–	–	–	–	–	25,134	–	25,134
		(65)	51,689	167,807	(11,569)	(2,153)	27,247	(223,422)	9,534
Balance at 30 June 2025		664,059	7,806,416	(77,041)	494,084	540,476	376,909	5,136,729	14,941,632

(b) Dividends

(i) Dividends declared and approved during the Track Record Period

	Years ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Final dividends declared and approved after the end of the reporting period	707,515	413,556	–	225,575

Pursuant to the shareholders' approval at the annual general meeting held on 18 May 2022, a final dividend of RMB1.06 per share totalled approximately RMB707,515,000 in respect of the year ended 31 December 2021 was declared. The dividend of RMB707,515,000 was paid on 2 June 2022.

Pursuant to the shareholders' approval at the annual general meeting held on 18 May 2023, a final dividend of RMB0.62 per share totalled RMB413,556,000 for the year ended 31 December 2022 was paid on 23 June 2023.

The directors of the Company did not propose a final dividend for the year ended 31 December 2023 after the end of the reporting period.

Pursuant to the shareholders' approval at the annual general meeting held on 16 May 2025 and a supplementary announcement made on 7 June 2025 regarding the changes in number of ordinary shares from the exercise of share options, a final dividend of RMB0.34 per share totalled approximately RMB225,575,000 for the year ended 31 December 2024 was paid on 3 July 2025.

(c) Share capital

Issued share capital

	Year ended 31 December						Six months ended 30 June	
	2022		2023		2024		2025	
	Number of shares		Number of shares		Number of shares		Number of shares	
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Ordinary shares, issued and fully paid:								
At 1 January.	667,467	667,467	667,025	667,025	666,906	666,906	664,124	664,124
Cancellation of shares.	(442)	(442)	(119)	(119)	(2,782)	(2,782)	(65)	(65)
At 31 December /30 June. .	667,025	667,025	666,906	666,906	664,124	664,124	664,059	664,059

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the differences between the net considerations received and the nominal amount of share capital issued by the Company.

(ii) Treasury share reserve

The reserve for the Company's treasury shares comprises the cost of the Company's shares held by the Company and the cost arising from restricted shares repurchase obligation. Such treasury shares may be reissued upon the exercise of share options, or in connection with any other issuance of shares that the board of directors may consider to be in the Company's best interest.

	Number of shares	Repurchase of ordinary shares	Unvested restricted shares repurchase obligation	Total
	'000	*RMB'000*	*RMB'000* *(Note 25(a))*	*RMB'000*
As at 1 January 2022	5,538	–	434,320	434,320
Restricted shares vested	(1,351)	–	(105,020)	(105,020)
Restricted shares forfeited	–	33,556	(33,556)	–
Cancellation of shares	(442)	(33,556)	–	(33,556)
Dividends in relation to unvested restricted shares	–	–	(4,849)	(4,849)
As at 31 December 2022 and 1 January 2023	3,745	–	290,895	290,895
Additions	1,026	101,991	–	101,991
Restricted shares vested	(1,142)	–	(87,250)	(87,250)
Restricted shares forfeited	–	9,836	(9,836)	–
Cancellation of shares	(119)	(9,836)	–	(9,836)
Dividends in relation to unvested restricted shares	–	–	(1,802)	(1,802)
As at 31 December 2023 and 1 January 2024	3,510	101,991	192,007	293,998
Additions	3,127	259,564	–	259,564
Restricted shares vested	(814)	–	(58,400)	(58,400)
Restricted shares forfeited	–	51,467	(51,467)	–
Cancellation of shares	(2,782)	(250,314)	–	(250,314)
As 31 December 2024 and 1 January 2025	3,041	162,708	82,140	244,848
Restricted shares vested	(729)	–	(51,009)	(51,009)
Share options exercised	(1,301)	(111,340)	–	(111,340)
Cancellation of shares	(65)	(5,458)	–	(5,458)
As 30 June 2025	946	45,910	31,131	77,041

(iii) Share-based payment reserve

Share-based payment reserve represents grant date fair value of share options and restricted shares granted to directors of the Company and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii).

(iv) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations that have a functional currency other than RMB and which are dealt with in accordance with the accounting policies as set out in Note 2(t).

(v) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI that are held at the end of each reporting period (see Note 2(f)).

(vi) Other reserve

Other reserve mainly represents:

– PRC statutory reserve: the Company in Chinese Mainland is required to appropriate 10% of its after-tax profit to the general reserve fund as determined until the cumulative amounts reach 50% of the registered capital in accordance with the laws and regulations in Chinese Mainland. The transfer to this reserve must be made before distribution of a dividend to equity shareholders. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation; and

– the proportionate share of changes in net assets of associates.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk arising from cash at bank and on hand and bills receivables is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers having low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the customer's and debtor's past history of making payments when due and current ability to pay, and take into account information specific to the customer and debtor as well as pertaining to the economic environment in which the customer and debtor operates. The Group typically requires payments in advance from customers before delivery of goods. The Group may grant certain distributors and large customers with credit terms range from seven days to three months, depending on the results of the Group's credit assessment on these customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As 31 December 2022, 2023 and 2024 and 30 June 2025, 67%, 73%, 42% and 40%, of the total trade receivables were due from the Group's five largest debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments or geographic regions, the loss allowance based on past due status is not further distinguished between the Group's different customer or geographic bases.

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	As at 31 December 2022		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 3 months	–	134,502	–
3-12 months	5.00	8,020	401
Over 1 year	100.00	103	103
		142,625	504

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 3 months	–	114,147	–

	As at 31 December 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 3 months	0.25	211,764	543
3-12 months	5.00	837	42
		212,601	585

	As at 30 June 2025		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
Within 3 months	–	227,305	–

Expected loss rates are based on actual loss experience over the past three years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance account in respect of trade and other receivables during the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2024 (unaudited) and 2025 are as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Balance at 1 January	2,059	2,802	3,518	3,518	8,671
Credit loss allowance recognised	743	820	3,667	2,133	465
Credit loss allowance written off	–	(104)	–	–	–
Additions through acquisition of a subsidiary	–	–	1,486	–	–
Balance at 31 December/ 30 June	2,802	3,518	8,671	5,651	9,136

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at 31 December 2022, 2023, and 2024 and 30 June 2025 of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest dates the Group can be required to pay:

	As at 31 December 2022				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	479,266	–	–	479,266	479,266
Accruals and other payables measured at amortised cost *(Note)*	341,283	–	–	341,283	341,283
Lease liabilities	39,914	38,563	58,323	136,800	124,334
	860,463	38,563	58,323	957,349	944,883

	As at 31 December 2023				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	501,844	–	–	501,844	501,844
Accruals and other payables measured at amortised cost *(Note)*	240,363	–	–	240,363	240,363
Lease liabilities	47,072	43,008	35,853	125,933	116,266
	789,279	43,008	35,853	868,140	858,473

	As at 31 December 2024				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	733,599	–	–	733,599	733,599
Accruals and other payables measured at amortised cost *(Note)*	208,174	–	–	208,174	208,174
Bank loans	909,366	–	–	909,366	898,221
Lease liabilities	56,927	36,485	13,393	106,805	101,136
	1,908,066	36,485	13,393	1,957,944	1,941,130

	As at 30 June 2025				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	718,997	–	–	718,997	718,997
Accruals and other payables measured at amortised cost *(Note)*	355,759	–	–	355,759	355,759
Bank loans	626,740	–	–	626,740	619,575
Lease liabilities	66,096	32,421	22,289	120,806	114,742
	1,767,592	32,421	22,289	1,822,302	1,809,073

Note: Staff cost payables are excluded from "accruals and other payables measured at amortised cost" in the context of liquidity risk, such disclosure is consistent with the Company's A-share financial statements.

	As at 30 June 2025			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivatives settled gross:				
Foreign exchange forward contracts:				
– outflow	(357,638)	–	–	(357,638)
– inflow	352,976	–	–	352,976

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Instruments bearing interest at variable rates and fixed rates expose the Group to cashflow interest rate risk and fair value interest rate risk respectively. The Group regularly reviews its strategy on interest rate risk management in the light of the prevailing market condition. The Group's interest rate risk profile as monitored by management is set out below.

(i) Interest rate risk profile

The following tables detail the interest rate risk profile of the Group's borrowings at the end of each reporting period:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fixed rate borrowings:				
Lease liabilities	124,334	116,266	101,136	114,742
Bank loans	–	–	207,703	579,554
Variable rate borrowings:				
Bank loans	–	–	690,518	40,021
Total borrowings	124,334	116,266	999,357	734,317

(ii) Sensitivity analyses

At 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profits after tax and decreased/increased the Group's retained earnings by approximately RMBNil, RMBNil, RMB6,140,000 and RMB360,000, respectively.

The sensitivity analyses above indicate the exposure to cash flow interest rate risk arising from floating rate non-derivative financial instruments held by the Group at the end of each reporting period. The impact on the Group's results after tax and retained earnings is estimated as an annualised impact on interest expense of such a change in interest rates. The analyses are performed on the same basis for the Track Record Period.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States Dollars ("USD"). The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group uses foreign exchange forward contracts to manage its currency risk until the settlement date of foreign currency receivables or payables and these foreign exchange forward contracts have a maturity of less than one year from the reporting date. Changes in the fair value of foreign exchange forward contracts that economically hedge monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(i) Exposure to currency risk

The following tables detail the Group's primary exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rates at the year-end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currency USD as at 31 December			Exposure to foreign currency USD as at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	
Trade and bills receivables	754,926	2,443,531	2,281,877	2,375,021
Cash at bank	885,218	1,023,815	4,214,168	3,594,452
Trade payables	(39,991)	(2,535)	(29,453)	(16,159)
Accruals and other payables	(35,146)	(39,879)	(35,861)	(44,042)
	1,565,007	3,424,932	6,430,731	5,909,272
Foreign exchange forward contracts	–	–	–	250,551
Net exposure arising from recognised assets and liabilities	1,565,007	3,424,932	6,430,731	6,159,823

(ii) Sensitivity analyses

The following tables indicate the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that dates, assuming all other risk variables remained constant.

	As at 31 December						As at 30 June	
	2022		2023		2024		2025	
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after tax and retained earnings
		RMB'000		*RMB'000*		*RMB'000*		*RMB'000*
USD	1%	14,403	1%	30,991	1%	57,132	1%	54,531
	(1%)	(14,403)	(1%)	(30,991)	(1%)	(57,132)	(1%)	(54,531)

The sensitivity analyses assume that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analyses exclude differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analyses are performed on the same basis for the Track Record Period.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December	Fair value measurements as at 31 December 2022 categorised into		
	2022	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI	1,533,025	18,351	–	1,514,674
Equity securities measured at FVPL	80,000	–	–	80,000
Wealth management products	1,857,548	–	–	1,857,548

	Fair value at 31 December	Fair value measurements as at 31 December 2023 categorised into		
	2023	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI	1,744,389	291,365	–	1,453,024
Equity securities measured at FVPL	145,612	–	–	145,612
Wealth management products	1,805,558	–	–	1,805,558

	Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI	3,365,869	195,297	–	3,170,572
Equity securities measured at FVPL	210,894	–	–	210,894
Wealth management products	120,000	–	–	120,000

	Fair value at 30 June	Fair value measurements as at 30 June 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI	3,491,699	74,266	–	3,417,433
Equity securities measured at FVPL	209,150	–	–	209,150
Wealth management products	60,714	–	–	60,714
Foreign exchange forward contracts	1,789	–	1,789	–
Foreign exchange forward contracts	(4,662)	–	(4,662)	–

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

The movements during the Track Record Period in the balance of the Level 3 fair value measurements of equity securities designated at FVOCI are as follows:

	Years ended 31 December			Six months ended 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI				
At 1 January	1,500,585	1,514,674	1,453,024	3,170,572
Additions	80,000	78,332	1,529,668	131,848
Decreases	(700)	(83,600)	(59,013)	(22,665)
Net unrealised gains or losses recognised in OCI	(15,800)	3,500	246,787	137,970
Transfer into Level 1 upon listing of the equity instruments	(50,000)	(60,000)	–	–
Exchange adjustments	589	118	106	(292)
At 31 December/30 June	1,514,674	1,453,024	3,170,572	3,417,433

Apart from the above, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the Track Record Period.

Information about Level 3 fair value measurements

Below is a summary of significant unobservable inputs to the valuation of these major financial assets together with information about the sensitivity of the fair value measurement to changes in unobservable inputs at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Valuation techniques	Significant unobservable inputs
Wealth management products	Discounted cash flow method	Interest return rate
Equity securities designated at FVOCI and equity securities measured at FVPL	Market approach	Discount for lack of marketability

With all other variables held constant, if the significant unobservable inputs applied in the valuation had been 1% lower or higher than Group's estimation as at 31 December 2022, 2023 and 2024 and 30 June 2025, the fair value of wealth management products categorised into Level 3 would (decrease)/increase by the amounts listed in tables below:

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest return rate decrease 1% . . .	(6,297)	(2,884)	(3)	(456)
Interest return rate increase 1% . . .	6,297	2,884	3	456

During the Track Record Period, the Group's equity securities designated at FVOCI and measured at FVPL are investments in non-listed entities of which fair values were substantially determined based on either the latest round of equity financing obtained by these entities or based on market approach. Given the discount for lack of marketability was not developed by the Group, the management of the Group did not carry out nor present any information on sensitivity analysis.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 30 June 2025.

33 ACQUISITION OF A SUBSIDIARY

Acquisition of XySemi

On 18 October 2024, the Group, together with Hefei Stony Creek GigaDevice Chuangzhi Venture Capital Fund Partnership (Limited Partnership) (合肥石溪兆易創智創業投資基金合夥企業(有限合夥))* (hereinafter referred to as "Shixi Capital"), Hefei State-owned Capital Venture Capital Co., Ltd. (合肥國有資本創業投資有限公司)* (hereinafter referred to as "Hefei State Owned Capital"), Hefei Guozheng Duoze Industrial Investment Partnership (Limited Partnership) (合肥國正多澤產業投資合夥企業(有限合夥))* (hereinafter referred to as "Hefei Industrial Investment"), entered into a share transfer agreement with the original shareholders of XySemi to acquire 70% of the equity interests of XySemi in cash. Shixi Capital is an associate of the Group. The total consideration of this acquisition was RMB581,000,000, among which the acquisition of 38.07% equity interests of XySemi by the Group amounted to RMB316,000,000. As at 31 December 2024, the acquisition consideration amounting to RMB15,123,000 is yet to be paid by the Group.

As a result from Shixi Capital entrusted its voting rights to the Group, and Hefei State Owned Investment and Hefei Industrial Investment entered into a concerted action agreement with the Group, the Group dictates 70% of the voting rights in XySemi, and thus has control over XySemi. Upon completion of the acquisition on 18 December 2024, the Group controls 38.07% of the equity interests in XySemi.

The acquisition of XySemi contributed consolidated revenue of RMB6,883,000 and consolidated net loss of RMB624,000 to the Group for the period from the acquisition date to 31 December 2024. Had the acquisition of XySemi been completed on 1 January 2024, the Group's consolidated revenue and net profit would have been RMB7,642,893,000 and RMB1,159,975,000, respectively, for the year ended 31 December 2024.

* These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

The identifiable assets and liabilities arising from the acquisition of XySemi are as follows:

	On acquisition date
	RMB'000
Property, plant and equipment *(Note 12(a))*	15,738
Right-of-use assets *(Note 13(a))*	6,729
Intangible assets *(Note 14(a))*	43,712
Deferred tax assets *(Note 29(b))*	2,807
Other non-current assets	184
Inventories	87,982
Trade and bills receivables	57,095
Prepayments and other current assets	255,132
Cash at bank and on hand	59,857
Trade payables	(27,835)
Accruals and other payables	(150,180)
Contract liabilities	(1,550)
Bank loans	(47,754)
Lease liabilities	(7,180)
Income tax payable *(Note 29(a))*	(1,946)
Deferred tax liabilities *(Note 29(b))*	(6,694)
Total identifiable net assets	286,097
Less: non-controlling interests	(177,180)
Add: Goodwill *(Note 15)*	207,083
Total consideration for the identifiable net assets acquired	316,000
Less: cash and cash equivalents acquired	(59,857)
Less: consideration payable outstanding at 31 December 2024 and settled in 2025 *(Note 25)*	(15,123)
Net cash outflow arising from the acquisition of XySemi	241,020

34 COMMITMENTS

Commitments outstanding at each reporting period end of the Track Record Period not provided for in the Historical Financial Information were as follows:

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted for capital injections into equity securities measured at FVPL	615,000	485,400	635,400	515,400

The Group has entered into various investment agreements to invest in certain private equity funds in future periods.

35 RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, wages and other benefits	29,980	13,932	24,284	6,970	6,980
Contributions to defined contribution retirement schemes	323	451	469	252	212
Share-based payments	12,164	12,047	25,694	6,063	11,698
	42,467	26,430	50,447	13,285	18,890

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Related parties and their relationships with the Group

Name of related parties	Relationship with the Group
Deep Simplicity Technology Co., Ltd.	An associate
Hefei Reliance Memory Limited	An associate
Transcputing Tech Co., Ltd.	An associate
CXMT Corporation (長鑫科技集團股份有限公司)*	*Note i*
CXMT Memory Technologies, Inc. (長鑫存儲技術有限公司)* and its subsidiaries	*Note i*
Unisoc (Shanghai) Technologies Co., Ltd. (紫光展銳(上海)科技有限公司)* and its subsidiaries	*Note ii*
Telink Semiconductor (Shanghai) Co., Ltd. (泰淩微電子(上海)股份有限公司)* and its subsidiaries	*Note ii*
Mr. Zhang Kedong	*Note iii*

Notes:

i. During the Track Record Period, Mr. Zhu Yiming, the Chairman of the Company, currently serves as the Chairman of CXMT Corporation, the parent company of CXMT Memory Technologies, Inc..

ii. During the Track Record Period, Mr. Zhang Shuai, a former director of the Company, served as a director of Unisoc (Shanghai) Technologies Co., Ltd. and Telink Semiconductor (Shanghai) Co., Ltd..

iii. Mr. Zhang Kedong, a former independent director of the Company, resigned on 16 December 2024.

* These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

(c) Transactions with related parties

The Group entered into the following related party transactions during the Track Record Period:

	Years ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Sales of goods	181,612	120,644	16,059	15,941	158
Purchases of materials and services	887,432	767,402	1,025,458	456,083	440,232

The above related party transactions will continue after the proposed H shares listing of the Company, but they do not constitute connected transactions under Chapter 14A of the Listing Rules.

In April 2024, the Company made additional investments amounted to RMB1,500,000,000 in CXMT Corporation. Upon completion of the investments, the Company held 1.88% of equity interests in CXMT Corporation.

(d) Balances with related parties as at the end of each reporting period

	As at 31 December			As at 30 June
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature:				
Trade payables	102,536	73,836	113,473	87,969
Contract liabilities	716	2,922	1,371	1,824
Accruals and other payables	–	–	–	11

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events after 30 June 2025 and up to date of this report.

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At the end of each reporting period, the directors of the Company consider the immediate and ultimate controlling party of the Company to be Mr. Zhu Yiming.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2025 and which have not been adopted in the Historical Financial Information. These developments include the following:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to IFRS 10, *Consolidated financial statements* and IAS 28, *Investments in associates and joint ventures — Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's consolidated financial statements except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 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, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out below is the unaudited interim financial information of the Group for the nine months ended 30 September 2025, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.

KPMG

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF GIGADEVICE SEMICONDUCTOR INC.

Introduction

We have reviewed the interim financial information set out on pages IA-3 to IA-25 which comprises the consolidated statement of financial position of GigaDevice Semiconductor Inc. (the "Company") and its subsidiaries (together, the "Group") as at 30 September 2025 and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine months ended 30 September and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, *Interim financial reporting*, as issued by the International Accounting Standards Board.

Our responsibility is to form a conclusion, based on our review, on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("HKSRE 2410"), as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at and for the nine months ended 30 September 2025 is not prepared, in all material respects, in accordance with IAS 34, *Interim financial reporting*.

Other Matter

We draw attention to the fact that the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the nine months ended 30 September 2024 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with HKSRE 2410.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

31 December 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the nine months ended 30 September 2025 — unaudited

(Expressed in Renminbi ("RMB"))

	Note	Nine months ended 30 September 2025	Nine months ended 30 September 2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue	*2*	6,831,634	5,649,597
Cost of sales		(4,214,116)	(3,529,074)
Gross profit		2,617,518	2,120,523
Other income	*3*	238,531	246,619
Selling and distribution expenses		(345,332)	(277,572)
Administrative expenses		(483,702)	(355,040)
Research and development expenses		(860,006)	(845,884)
Impairment loss on trade and other receivables		(2,170)	(3,330)
Impairment loss on property, plant and equipment	*7*	(3,810)	–
Impairment loss on intangible assets	*9*	(1,903)	–
Profit from operations		1,159,126	885,316
Finance costs	*4(a)*	(19,059)	(13,480)
Share of profits less losses of associates		(16,325)	(4,696)
Profit before taxation	*4*	1,123,742	867,140
Income tax	*5*	(19,342)	(35,039)
Profit for the period		1,104,400	832,101

The accompanying notes form part of the interim financial information.

	Note	Nine months ended 30 September	
		2025	2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Profit for the period		1,104,400	832,101
Other comprehensive income for the period (after tax):			
Items that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income — net movement in fair value reserves (non-recycling)		192,670	(71,657)
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		(15,112)	(14,215)
– Share of other comprehensive income of associates		(1)	5
Other comprehensive income for the period		177,557	(85,867)
Total comprehensive income for the period		1,281,957	746,234
Profit attributable to:			
Equity shareholders of the Company		1,083,228	832,113
Non-controlling interests		21,172	(12)
		1,104,400	832,101
Total comprehensive income attributable to:			
Equity shareholders of the Company		1,260,785	746,246
Non-controlling interests		21,172	(12)
		1,281,957	746,234
Earnings per share			
Basic (RMB)	*6(a)*	1.64	1.26
Diluted (RMB)	*6(b)*	1.63	1.25

The accompanying notes form part of the interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2025 — unaudited

(Expressed in RMB)

	Note	As at 30 September 2025	As at 31 December 2024
		RMB'000 (unaudited)	RMB'000
Non-current assets			
Property, plant and equipment	7	1,259,278	1,089,489
Right-of-use assets	8	114,382	97,984
Intangible assets	9	697,375	604,215
Goodwill		617,185	617,185
Interests in associates		312,388	137,074
Equity securities designated at fair value through other comprehensive income ("FVOCI")	10	3,483,575	3,365,869
Financial assets measured at fair value through profit or loss ("FVPL")	11	224,150	210,894
Other non-current assets	14(b)	127,561	402,268
Deferred tax assets		286,157	269,055
		7,122,051	6,794,033
Current assets			
Financial assets measured at FVPL	11	62,657	120,000
Inventories	12	2,566,955	2,346,368
Trade and bills receivables	13	249,687	231,791
Prepayments and other current assets	14(a)	736,467	608,614
Prepaid income tax		4,826	14
Time deposits		371,682	–
Cash at bank and on hand	15	9,641,936	9,128,010
		13,634,210	12,434,797

The accompanying notes form part of the interim financial information.

	Note	As at 30 September 2025	As at 31 December 2024
		RMB'000 *(unaudited)*	*RMB'000*
Current liabilities			
Trade payables	*16*	781,944	733,599
Accruals and other payables	*17*	427,116	522,731
Contract liabilities		219,270	94,532
Financial liabilities measured at FVPL	*11*	2,253	–
Bank loans		619,575	898,221
Lease liabilities		59,943	53,113
Income tax payable		39,691	28,311
		2,149,792	2,330,507
Net current assets		11,484,418	10,104,290
Total assets less current liabilities		18,606,469	16,898,323
Non-current liabilities			
Lease liabilities		52,671	48,023
Deferred income		48,131	49,732
Other non-current liabilities		2,000	2,000
Deferred tax liabilities		103,662	119,791
		206,464	219,546
Net assets		18,400,005	16,678,777
Capital and reserves	*18*		
Share capital		667,278	664,124
Reserves		17,527,226	15,834,381
Total equity attributable to equity shareholders of the Company		18,194,504	16,498,505
Non-controlling interests		205,501	180,272
Total equity		18,400,005	16,678,777

The accompanying notes form part of the interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine months ended 30 September 2025 — unaudited
(Expressed in RMB)

	Note	Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to equity shareholders of the Company (unaudited)										
		RMB'000 *(Note 18(b))*	*RMB'000*	*RMB'000* *(Note 18(c))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025		664,124	7,754,727	(244,848)	536,580	60,467	566,744	364,301	6,796,410	16,498,505	180,272	16,678,777
Changes in equity for the nine months ended 30 September 2025:												
Profit for the period		–	–	–	–	–	–	–	1,083,228	1,083,228	21,172	1,104,400
Other comprehensive income		–	–	–	–	(15,112)	192,670	(1)	–	177,557	–	177,557
Total comprehensive income for the period		–	–	–	–	(15,112)	192,670	(1)	1,083,228	1,260,785	21,172	1,281,957
Restricted shares vested		–	88,562	76,274	(88,562)	–	–	–	–	76,274	–	76,274
Share options exercised		3,248	395,019	111,340	(99,366)	–	–	–	–	410,241	–	410,241
Cancellation of shares		(94)	(7,507)	7,601	–	–	–	–	–	–	–	–
Equity settled share-based payment expenses		–	–	–	107,408	–	–	15,109	–	122,517	4,057	126,574
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(130,335)	–	130,335	–	–	–
Dividends in relation to unvested restricted shares		–	–	117	–	–	–	–	–	117	–	117
Dividends approved and paid	*18(a)(ii)*	–	–	–	–	–	–	–	(225,575)	(225,575)	–	(225,575)
Share of changes in associates' other reserve		–	–	–	–	–	–	51,640	–	51,640	–	51,640
		3,154	476,074	195,332	(80,520)	–	(130,335)	66,749	(95,240)	435,214	4,057	439,271
Balance at 30 September 2025 (unaudited)		667,278	8,230,801	(49,516)	456,060	45,355	629,079	431,049	7,784,398	18,194,504	205,501	18,400,005

The accompanying notes form part of the interim financial information.

	Note	Attributable to equity shareholders of the Company (unaudited)										
		Share capital	Share premium	Treasury share reserve	Share-based payment reserve	Exchange reserve	Fair value reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000 *(Note 18(b))*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024		666,906	7,935,988	(293,998)	444,071	42,580	453,712	336,885	5,613,429	15,199,573	–	15,199,573
Changes in equity for the nine months ended 30 September 2024:												
Profit for the period		–	–	–	–	–	–	–	832,113	832,113	(12)	832,101
Other comprehensive income		–	–	–	–	(14,215)	(71,657)	5	–	(85,867)	–	(85,867)
Total comprehensive income for the period		–	–	–	–	(14,215)	(71,657)	5	832,113	746,246	(12)	746,234
Restricted shares vested		–	66,271	58,400	(66,271)	–	–	–	–	58,400	–	58,400
Cancellation of shares		(1,034)	(94,715)	95,749	–	–	–	–	–	–	–	–
Purchase of own shares		–	–	(120,629)	–	–	–	–	–	(120,629)	–	(120,629)
Equity settled share-based payment expenses		–	–	–	109,674	–	–	–	–	109,674	–	109,674
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	–	4,500	4,500
Reduction in equity securities designated at FVOCI		–	–	–	–	–	(264)	–	264	–	–	–
Share of changes in associates' other reserve		–	–	–	–	–	–	(799)	–	(799)	–	(799)
		(1,034)	(28,444)	33,520	43,403	–	(264)	(799)	264	46,646	4,500	51,146
Balance at 30 September 2024 (unaudited)		665,872	7,907,544	(260,478)	487,474	28,365	381,791	336,091	6,445,806	15,992,465	4,488	15,996,953

The accompanying notes form part of the interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the nine months ended 30 September 2025 — unaudited

(Expressed in RMB)

	Note	Nine months ended 30 September 2025	Nine months ended 30 September 2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Operating activities			
Cash generated from operations		1,873,479	1,837,714
Income tax (paid)/refunded		(77,833)	19,131
Net cash generated from operating activities		1,795,646	1,856,845
Investing activities			
Payments for the purchase of property, plant and equipment and intangible assets		(714,996)	(341,930)
Proceeds from disposal of property, plant and equipment		19,709	385
Investment in associates		(140,000)	(91,499)
Investment in equity securities designated at FVOCI		(131,848)	(1,525,000)
Proceeds from disposal of equity securities designated at FVOCI		253,735	739
Investment in equity securities measured at FVPL		(15,000)	(60,000)
Proceeds from disposal of equity securities measured at FVPL		3,038	–
Purchase of wealth management products measured at FVPL		–	(300,000)
Proceeds from redemption of wealth management products measured at FVPL		60,000	2,100,000
Net investment income received from financial instruments measured at FVPL		8,294	25,244
Purchase of time deposits		(1,330,263)	–
Proceeds from redemption of time deposits		961,168	–
Acquisition of a subsidiary, net of cash acquired		(15,123)	–
Net cash used in investing activities		(1,041,286)	(192,061)

The accompanying notes form part of the interim financial information.

	Note	Nine months ended 30 September	
		2025	2024
		RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Financing activities			
Proceeds from bank loans		400,000	700,000
Repayment of bank loans		(678,489)	–
Capital element of lease rentals paid		(49,193)	(38,287)
Interest element of lease rentals paid		(4,018)	(4,304)
Purchase of own ordinary shares		–	(120,629)
Purchase of forfeited restricted shares		(2,447)	(49,579)
Proceeds from share options exercised		410,241	–
Dividends paid	*18(a)(ii)*	(225,575)	–
Expenses paid in connection with the proposed initial listing of the H shares of the Company		(16,069)	–
Capital injection from non-controlling interests		–	4,500
Interest paid		(14,898)	(5,606)
Net cash (used in)/generated from financing activities		(180,448)	486,095
Net increase in cash and cash equivalents		573,912	2,150,879
Cash and cash equivalents at the beginning of the period		9,104,159	7,130,888
Effects of exchange rate changes		(72,308)	(60,291)
Cash and cash equivalents at the end of the period	*15*	9,605,763	9,221,476

The accompanying notes form part of the interim financial information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

GigaDevice Semiconductor Inc. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 6 April 2005 as a limited liability company. On 28 December 2012, the Company was converted from a limited liability company into a joint stock limited liability company, and was listed on Shanghai Stock Exchange on 18 August 2016.

The Company and its subsidiaries ("the Group") are principally engaged in the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

The interim financial information has been prepared in accordance with IAS 34, *Interim financial reporting*, as issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on 31 December 2025.

The interim financial information has been prepared in accordance with the same basis of preparation and presentation and accounting policies adopted in the historical financial information for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "Historical Financial Information") as disclosed in Appendix I to the prospectus dated 31 December 2025 (the "Prospectus") issued by the Company.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, 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.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2024 in the Historical Financial Information as disclosed in Appendix I to the Prospectus. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

2 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the design, research and development, and sales of specialty memory chips, micro-control units, sensor chips, analog chips, and complete set of systems and solutions.

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Nine months ended 30 September	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines:		
– Specialty memory chips	4,768,370	4,049,243
– Micro-control units	1,497,888	1,269,979
– Sensor chips	311,945	317,685
– Analog chips	250,793	5,338
– Others	2,638	7,352
	6,831,634	5,649,597

(b) Segment reporting

(i) Segment results

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, the Group's management reviews the operating results of the Group as a whole by products and services and the Group has determined that it only has one operating segment during the nine months ended 30 September 2025 and 2024.

Disaggregation of revenue from contracts with customers by major products along with gross profit or loss as provided to the Group's management for the purposes of resource allocation and performance assessment of products and services for the nine months ended 30 September 2025 and 2024 is set out below:

	Nine months ended 30 September 2025 (unaudited)						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4,768,370	1,497,888	311,945	250,793	2,638	–	6,831,634
Gross profit/(loss)	1,929,198	547,235	56,348	100,828	2,603	(18,694)	2,617,518

	Nine months ended 30 September 2024 (unaudited)						
	Specialty memory chips	Micro-control units	Sensor chips	Analog chips	Others	Less: write-down of inventories recognised	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	4,049,243	1,269,979	317,685	5,338	7,352	–	5,649,597
Gross profit/(loss)	1,662,546	503,458	55,648	451	7,216	(108,796)	2,120,523

(ii) Geographic information

Information about the Group's revenue from external customers, presented based on their location of registration, is as follows:

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Chinese Mainland	2,058,494	1,429,029
Hong Kong	3,188,036	2,585,873
Taiwan	925,396	940,511
Others	659,708	694,184
	6,831,634	5,649,597

The non-current assets of the Group are substantially located or allocated to operations in Chinese Mainland.

3 OTHER INCOME

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest income	216,123	245,023
Net gain from financial assets and liabilities measured at FVPL	9,992	18,258
Dividends from equity securities designated at FVOCI	183	–
Government grants	35,557	37,284
Net loss on foreign exchange differences	(26,656)	(61,990)
Net (loss)/gain on disposal of property, plant and equipment and other non-current assets	(3,303)	301
Others	6,635	7,743
	238,531	246,619

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Interest on bank loans	14,741	5,606
Interest on lease liabilities	4,018	4,304
Interest on unvested restricted shares repurchase obligation	300	3,570
	19,059	13,480

(b) Other items

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Cost of inventories *(Note 12)*	4,185,727	3,514,825
Depreciation charges:		
– property, plant and equipment	199,898	212,695
– right-of-use assets	42,695	33,017
Amortisation of intangible assets	128,393	95,032
Listing expenses	563	–

5 INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Current tax – Chinese Mainland		
Provision for the period	16,396	27,653
Under-provision in respect of prior year	1,306	2,345
Current tax – Overseas		
Provision for the period	29,049	1,463
Deferred tax		
Origination and reversal of temporary differences	(27,409)	3,578
	19,342	35,039

Notes:

(i) Entities of the Group established in Chinese Mainland were subject to the PRC Corporate Income Tax rate of 25% during the nine months ended 30 September 2025 (nine months ended 30 September 2024: 25%).

The provision for Hong Kong Profits Tax for the nine months ended 30 September 2025 was calculated at 16.5% of the estimated assessable profits for the period (nine months ended 30 September 2024: 16.5%). During the nine months ended 30 September 2025, a subsidiary of the Group was under the two-tiered profits tax rate regime, i.e. the first Hong Kong Dollars ("HK$") 2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

Taxation for subsidiaries incorporated in other jurisdictions is calculated at the applicable income tax rates in the relevant countries.

(ii) The Company and certain subsidiaries are regarded as key enterprises in the industry. According to the announcement on preferential corporate income tax policies for key enterprises, the Company and these subsidiaries were subject to a preferential tax rate of 10% during the nine months ended 30 September 2025 and 2024. The Company and these subsidiaries were also entitled to an additional tax deductible allowance amounting to 120% of the qualified research and development costs incurred during the nine months ended 30 September 2025 and 2024.

(iii) Certain subsidiaries of the Group obtained the certificates of "High and New Technology Enterprise" ("HNTE") from the tax authorities and were subject to a preferential tax rate of 15% during the nine months ended 30 September 2025 and 2024. These subsidiaries were also entitled to an additional tax deductible allowance amounting to 100% of the qualified research and development costs incurred during the nine months ended 30 September 2025 and 2024.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, after adjusting for the effect of dividends entitled to holders of restricted shares issued by the Company, and the weighted average number of the Company's ordinary shares in issue during the respective periods, calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company

	Nine months ended 30 September	
	2025	**2024**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Profit attributable to ordinary equity shareholders of the Company	1,083,228	832,113

(ii) Weighted average number of ordinary shares

	Nine months ended 30 September	
	2025	**2024**
	'000 *(unaudited)*	*'000* *(unaudited)*
Issued ordinary shares at the beginning of the period	664,124	666,906
Less: treasury shares at the beginning of the period *(Note 18(c))*	(3,041)	(3,510)
Ordinary shares outstanding at the beginning of the period	661,083	663,396
Effect of shares repurchased	–	(863)
Effect of share options exercised *(Note 18(c))*	832	–
Effect of restricted shares vested *(Note 18(c))*	420	474
Weighted average number of ordinary shares at the end of the period	662,335	663,007

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company, and the weighted average number of the Company's ordinary shares (diluted), calculated as follows:

Weighted average number of ordinary shares (diluted)

	Nine months ended 30 September	
	2025	**2024**
	'000 *(unaudited)*	*'000* *(unaudited)*
Weighted average number of ordinary shares at the end of the period	662,335	663,007
Effect of deemed issue of shares under the Company's restricted shares plan	618	340
Effect of deemed issue of shares under the Company's share option plans	1,010	–
Weighted average number of ordinary shares (diluted) at the end of the period	663,963	663,347

7 PROPERTY, PLANT AND EQUIPMENT

	Carrying amount
	RMB'000
At 1 January 2025	1,089,489
Additions	416,865
Disposals	(3,870)
Depreciation	(199,898)
Capitalised to development expenditure	(38,637)
Impairment loss *(Note)*	(3,810)
Exchange adjustments	(861)
At 30 September 2025 (unaudited)	1,259,278

Note:

During the nine months ended 30 September 2025, given the drop in market demand, the Group has identified products that had under-performed against expectation, and has carried out impairment testing on the related property, plant and equipment and intangible assets, and written down such assets to their recoverable amounts, and the related impairment losses were recognised in profit or loss.

8 RIGHT-OF-USE ASSETS

	Carrying amount
	RMB'000
At 1 January 2025	97,984
Additions	63,819
Disposals	(4,453)
Depreciation	(42,695)
Exchange adjustments	(273)
At 30 September 2025 (unaudited)	114,382

9 INTANGIBLE ASSETS

	Carrying amount
	RMB'000
At 1 January 2025	604,215
Additions	184,819
Capitalised to development expenditure	38,637
Amortisation	(128,393)
Impairment loss *(Note 7)*	(1,903)
At 30 September 2025 (unaudited)	697,375

10 EQUITY SECURITIES DESIGNATED AT FVOCI

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Investments in unlisted equity securities	3,397,158	3,170,572
Investments in equity securities listed in Chinese Mainland	86,417	195,297
	3,483,575	3,365,869

The unlisted equity securities were mainly investments in entities established in Chinese Mainland. The Group designated these investments as financial assets measured at FVOCI (non-recycling), as the investments are held for strategic purposes.

11 FINANCIAL ASSETS AND LIABILITIES MEASURED AT FVPL

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Non-current assets		
– Private equity funds	224,150	210,894
Current assets		
– Wealth management products	60,922	120,000
– Foreign exchange forward contracts	1,735	–
	62,657	120,000
Current liabilities		
– Foreign exchange forward contracts	2,253	–

All non-current assets are investments in unlisted private equity funds established in Chinese Mainland and are measured at FVPL.

12 INVENTORIES

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Raw materials	1,041,177	1,134,950
Work in progress	751,589	426,950
Finished goods	1,025,515	1,156,432
Others	9,198	859
	2,827,479	2,719,191
Less: write-down of inventories	(260,524)	(372,823)
	2,566,955	2,346,368

The analysis of the amounts of inventories recognised as cost of sales and included in profit or loss is as follows:

	Nine months ended 30 September	
	2025	2024
	RMB'000 (unaudited)	RMB'000 (unaudited)
Carrying amount of inventories consumed	4,298,026	3,560,390
Add: write-down of inventories, net	(112,299)	(45,565)
	4,185,727	3,514,825

13 TRADE AND BILLS RECEIVABLES

	As at 30 September 2025	As at 31 December 2024
	RMB'000 (unaudited)	RMB'000
Trade receivables due from third parties	236,169	212,601
Less: loss allowance	(5)	(585)
	236,164	212,016
Bills receivables	10,322	19,775
Financial assets measured at amortised cost	246,486	231,791
Bills receivables measured at FVOCI	3,201	–
	249,687	231,791

Ageing analysis

Trade receivables (net of loss allowance), based on the invoice date, are with the following ageing analysis as of the end of the reporting period:

	As at 30 September 2025	As at 31 December 2024
	RMB'000 (unaudited)	RMB'000
Within 3 months	236,060	211,221
More than 3 months but less than 1 year	104	795
	236,164	212,016

14 PREPAYMENTS AND OTHER CURRENT ASSETS AND OTHER NON-CURRENT ASSETS

(a) Prepayments and other current assets

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Other receivables:		
– receivables from NCI arose from the acquisition of a subsidiary *(Note (i))*	156,022	171,561
– deposits	37,568	39,124
– others	3,445	5,053
	197,035	215,738
Less: loss allowance	(10,835)	(8,086)
Financial assets measured at amortised cost	186,200	207,652
Prepayments for inventories to third parties	39,176	24,533
Input VAT deductible	146,982	108,454
Current portion of other non-current assets *(Note 14(b))*	313,006	250,000
Prepayments for costs incurred in connection with the proposed initial listing of the H shares of the Company *(Note (ii))*	15,950	–
Others	35,153	17,975
	736,467	608,614

Notes:

(i) The receivable from NCI is secured by the NCI's equity interests in Suzhou XySemi Electronic Technology Co., Ltd. and properties owned by the NCI.

(ii) The balance at 30 September 2025 included costs related to the proposed initial listing of the H shares of the Company on The Stock Exchange of Hong Kong Limited, and it will be transferred to share premium within equity upon the listing of the H shares of the Company on The Stock Exchange of Hong Kong Limited.

(b) Other non-current assets

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Prepayments for suppliers' production capacity *(Note)*	313,006	563,006
Prepayments for acquisitions of property, plant and equipment and intangible assets	127,561	89,262
	440,567	652,268
Less: current portion of other non-current assets *(Note 14(a))*		
– prepayments for suppliers' production capacity expected to be settled within one year	(313,006)	(250,000)
	127,561	402,268

Note: The prepayments for suppliers' production capacity are deposits paid to suppliers to secure these suppliers' production capacities for a certain period, and will be deducted by subsequent purchases of inventories from these suppliers.

15 CASH AT BANK AND ON HAND

Cash at bank and on hand comprise:

	As at 30 September	As at 31 December
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000*
Cash at bank and on hand in the consolidated statement of financial position	9,641,936	9,128,010
Less: accrued interest arising from deposits	(36,173)	(23,851)
Cash and cash equivalent in the condensed consolidated statements of cash flows	9,605,763	9,104,159

As at 30 September 2025, cash at bank and on hand amounted to RMB5,764,074,000 are placed at financial institutions in Chinese Mainland (31 December 2024: RMB6,415,980,000). Remittance of funds out of the Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

16 TRADE PAYABLES

	As at 30 September	As at 31 December
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000*
Trade payables due to:		
– third parties	732,339	620,126
– related parties	49,605	113,473
Financial liabilities measured at amortised cost	781,944	733,599

At of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 30 September	As at 31 December
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000*
Within 1 year	767,922	732,588
After 1 year but within 2 years	13,048	66
After 2 years but within 3 years	37	7
After 3 years	937	938
	781,944	733,599

17 ACCRUALS AND OTHER PAYABLES

	As at 30 September	As at 31 December
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000*
Staff cost payables	316,117	291,238
Unvested restricted shares repurchase obligation	3,793	82,140
Payables for consultancy and technology fees	52,937	70,583
Consideration payable for an acquisition of a subsidiary	–	15,123
Others	32,414	40,328
Financial liabilities measured at amortised cost	405,261	499,412
Other taxes and levies payables	21,855	23,319
	427,116	522,731

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

The directors of the Company do not recommend the payment of an interim dividend for the nine months ended 30 September 2025 (nine months ended 30 September 2024: Nil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the period

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Final dividend in respect of the previous financial year, approved and paid during the following interim period	225,575	–

(b) Share capital

Issued share capital

	Nine months ended 30 September		Nine months ended 30 September	
	2025		2024	
	Number of shares '000 *(unaudited)*	*RMB'000* *(unaudited)*	*Number of shares '000* *(unaudited)*	*RMB'000* *(unaudited)*
Ordinary shares, issued and fully paid:				
At 1 January	664,124	664,124	666,906	666,906
Share options exercised	3,248	3,248	–	–
Cancellation of shares	(94)	(94)	(1,034)	(1,034)
At 30 September	667,278	667,278	665,872	665,872

(c) Treasury share reserves

	Number of shares	Repurchase of ordinary shares	Unvested restricted shares repurchase obligation	Total
	'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	3,041	162,708	82,140	244,848
Restricted shares vested	(1,003)	–	(76,274)	(76,274)
Share options exercised	(1,301)	(111,340)	–	(111,340)
Restricted shares forfeited	–	2,143	(2,143)	–
Cancellation of shares	(94)	(7,601)	–	(7,601)
Dividends in relation to unvested restricted shares	–	–	(117)	(117)
As at 30 September 2025 (unaudited)	643	45,910	3,606	49,516

(d) Equity settled share-based transactions

No share options or restricted shares were granted under the Group's share-based payment plans during the nine months ended 30 September 2025 (nine months ended 30 September 2024: 6,781,400 and Nil, respectively).

The numbers of share options exercised and restricted shares vested were 4,549,476 and 1,003,449, respectively, during nine months ended 30 September 2025 (nine months ended 30 September 2024: Nil and 813,720, respectively).

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following tables present the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 30 September	Fair value measurements as at 30 September 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Equity securities designated at FVOCI	3,483,575	86,417	–	3,397,158
Equity securities measured at FVPL	224,150	–	–	224,150
Wealth management products	60,922	–	–	60,922
Foreign exchange forward contracts	1,735	–	1,735	–
Bills receivables measured at FVOCI	3,201	–	3,201	–
Foreign exchange forward contracts	(2,253)	–	(2,253)	–

	Fair value at 31 December	Fair value measurements as at 31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Equity securities designated at FVOCI	3,365,869	195,297	–	3,170,572
Equity securities measured at FVPL	210,894	–	–	210,894
Wealth management products	120,000	–	–	120,000

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the nine months ended 30 September 2025 and 2024 in the balance of the Level 3 fair value measurements of equity securities designated at FVOCI are as follows:

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Equity securities designated at FVOCI		
At 1 January	3,170,572	1,453,024
Additions	131,848	1,525,000
Decreases	(42,353)	(739)
Net unrealised gains or losses recognised in OCI	137,970	3,341
Exchange adjustments	(879)	(74)
At 30 September	3,397,158	2,980,552

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the nine months ended 30 September 2025 (nine months ended 2024: Nil).

Information about Level 3 fair value measurements

Below is a summary of significant unobservable inputs to the valuation of these major financial assets together with information about the sensitivity of the fair value measurement to changes in unobservable inputs at 30 September 2025:

	Valuation techniques	Significant unobservable inputs
Wealth management products	Discounted cash flow method	Interest return rate
Equity securities designated at FVOCI and equity securities measured at FVPL	Market approach	Discount for lack of marketability

With all other variables held constant, if the significant unobservable inputs applied in the valuation had been 1% lower or higher than Group's estimation as at 30 September 2025, the fair value of wealth management products categorised into Level 3 would (decrease)/increase by the amounts listed in tables below:

	As at 30 September 2025
	RMB'000 *(unaudited)*
Interest return rate decrease 1%	(609)
Interest return rate increase 1%	609

During the nine months ended 30 September 2025, the Group's equity securities designated at FVOCI and measured at FVPL are investments in non-listed entities of which fair values were substantially determined based on either the latest round of equity financing obtained by these entities or based on market approach. Given the discount for lack of marketability was not developed by the Group, the management of the Group did not carry out nor present any information on sensitivity analysis.

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 30 September 2025 and 31 December 2024.

20 COMMITMENTS

Commitments outstanding at the end of the reporting period not provided for in the interim financial information were as follows:

	As at 30 September 2025	As at 31 December 2024
	RMB'000 *(unaudited)*	*RMB'000*
Contracted for capital injections into equity securities measured at FVPL	500,400	635,400

The Group has entered into various investment agreements to invest in certain private equity funds in future periods.

21 RELATED PARTY TRANSACTIONS

(a) Related parties and their relationships with the Group

Name of related parties	Relationship with the Group
Deep Simplicity Technology Co., Ltd. (上海奧簡微電子科技有限公司)*	An associate
Hefei Reliance Memory Limited (合肥睿科微電子有限公司)*	An associate
Transcputing Tech Co., Ltd. (上海光羽芯辰科技有限公司)*	An associate
CXMT Corporation (長鑫科技集團股份有限公司)*	*Note i*
CXMT Memory Technologies, Inc. (長鑫存儲技術有限公司)* and its subsidiaries	*Note i*
Mr. Zhang Kedong	*Note ii*

Notes:

i. During the nine months ended 30 September 2025, Mr. Zhu Yiming, the Chairman of the Company, currently serves as the Chairman of CXMT Corporation, the parent company of CXMT Memory Technologies, Inc..

ii. Mr. Zhang Kedong, a former independent director of the Company, resigned on 16 December 2024.

* These entities' official names are in Chinese. The English translations of these entities' names are for identification only.

(b) Transactions with related parties

The Group entered into the following related party transactions:

	Nine months ended 30 September	
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*
Sales of goods	226	15,947
Purchases of materials and services	710,434	773,852

(c) Balances with related parties

	As at 30 September	As at 31 December
	2025	2024
	RMB'000 *(unaudited)*	*RMB'000*
Trade in nature:		
Trade payables	49,605	113,473
Contract liabilities	4,213	1,371
Accruals and other payables	134	–

22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events after 30 September 2025 and up to date of this report.

The following information set forth in this Appendix does not form part of the Accountants' Report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, 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" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to equity shareholders of the Company as of 30 June 2025 as if the Global Offering had taken place on 30 June 2025.

The unaudited pro forma statement of adjusted 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 financial position of the Group had the Global Offering been completed as of 30 June 2025 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of 30 June 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	Note (1)	*Note (2)*		*Note (3)*	*Note (4)*
Based on an Offer Price of HK$132.00 per H Share . . .	15,990,988	3,402,166	19,393,154	28.02	30.89
Based on an Offer Price of HK$162.00 per H Share . . .	15,990,988	4,182,595	20,173,583	29.15	32.14

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as of 30 June 2025 is arrived at after (i) deducting goodwill of RMB617,185,000 and intangible assets of RMB654,598,000; and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB22,873,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB17,239,898,000 as of 30 June 2025, which is extracted from the Accountants' Report as set out in Appendix I in this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the expected issuance of 28,915,800 H Shares and the indicative offer prices of HK$132.00 per H Share (being the minimum Offer Price) and HK$162.00 per H Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other estimated expenses related to the Global offering paid or payable by the Group (excluding the listing expenses charged to profit or loss during the Track Record Period), and do not take into account any H Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Shares that may be issued under the Share Incentive Plans.

For illustrative purpose, the estimated net proceeds of the Global Offering have been converted into RMB at an exchange rate of HK$1 to RMB0.90699. No representation is made that HK$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate or at any other rate.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 692,028,799 Shares (being 664,059,190 Shares in issue as at 30 June 2025, deducting repurchased ordinary shares held by the Company and unvested restricted shares under the 2021 Restricted Share Incentive Plan as at 30 June 2025 of 946,191 shares and adding 28,915,800 H Shares to be issued pursuant to the Global Offering), were in issue immediately following the completion of the Global Offering, and does not take into account any H shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option and any Shares that may be issued under the Share Incentive Plans.

(4) The unaudited pro forma adjusted net tangible assets per Share is converted to HK$ with an exchange rate of RMB1 to HK$1.10255. No representation is made that RMB amounts have been, could have been or may be converted to HK$, or vice versa, at that rate or at any other rate.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2025.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF GIGADEVICE SEMICONDUCTOR INC.

We have completed our assurance engagement to report on the compilation of pro forma financial information of GigaDevice Semiconductor Inc. (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets as at 30 June 2025 and related notes as set out in Part A of Appendix II to the prospectus dated 31 December 2025 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the H shares of the Company (the "Global Offering") on the Group's financial position as at 30 June 2025 as if the Global Offering had taken place at 30 June 2025. As part of this process, information about the Group's financial position as at 30 June 2025 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at 30 June 2025 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's H shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group, and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
31 December 2025

The primary purpose of this Appendix is to provide potential investors with an overview of the Company's articles of association. As the information contained in this section is only a summary, it may not contain all the information that is important to potential investors.

GENERAL PROVISIONS

The Company is a joint stock limited company of perpetual duration.

All of the capital of the Company shall be divided into shares of equal value. The shareholders shall be liable to the extent of the shares subscribed and the Company shall be liable for its debts to the extent of all of its assets.

The Articles of Association shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders, and a legally binding document for the Company, shareholders, directors and senior management members from the date on which it takes effect. Pursuant to the Articles of Association, shareholders may take legal action against other shareholders, directors, general manager, other senior management members of the Company and the Company, and the Company may take legal action against its shareholders, directors, general manager and other senior management members.

BUSINESS SCOPE

The business scope of the Company includes: research and development of microelectronic products, computer hardware and software, computer systems integration, telecommunications equipment, handheld mobile terminals; commissioned processing and production, sales of self-developed products; technology transfer, technical services; import and export of commodities and technology and acting as import and export agency. (The market entity shall select business items and carry out operating activities at its own discretion in accordance with the laws; items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities and to the extent authorized by such approval; it is not allowed to engage in operating activities prohibited or restricted by industrial policies of the State and the municipality.)

SHARES

Issuance of Shares

The shares of the Company shall take the form of registered shares. The issuance of the shares of the Company shall be conducted in the principle of openness, fairness and impartiality, and each share of the same class is entitled to equal rights. For shares of the same class issued at the same time, the issuance conditions and price per share shall be identical; and the price paid by the subscribers for each share is the same.

Increase, Decrease and Repurchase of Shares

The Company may, based on its operating and development needs and in accordance with the laws and regulations and the resolution of any general meeting, increase its capital by the following methods:

(i) an issue of shares to unspecified persons;

(ii) an issue of shares to specified persons;

(iii) offering of bonus shares to existing shareholders;

(iv) the conversion of provident funds into share capital;

(v) any other methods stipulated by laws and administrative regulations and approved by the CSRC and the securities regulatory authorities in the place where the shares of the Company are listed.

The Company may reduce its registered capital. The reduction of registered capital of the Company shall be made in accordance with the Company Law, other relevant regulations as well as procedures stipulated in the Articles of Association.

The Company shall not repurchase its own shares, except under any of the following circumstances:

(i) to reduce the registered capital of the Company;

(ii) to merge with other companies holding the Company's shares;

(iii) to use the shares for the employee share schemes or as equity incentives;

(iv) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at general meetings on the merger or division of the Company;

(v) to utilize shares to satisfy the conversion of corporate bonds that are convertible into shares issued by the Company;

(vi) to safeguard corporate values and shareholders' equity as the Company deems necessary.

Where the Company repurchases its shares, it shall be conducted through public and centralized trading or other methods recognized by laws, administrative regulations, the CSRC and the securities regulatory authorities in the place where the shares of the Company are listed.

Where the Company intends to repurchase its shares under the circumstances set out in (iii), (v) or (vi) above, the repurchase shall be conducted through public and centralized trading.

If the Company intends to repurchase its shares for reasons set out in (i) and (ii) above, it shall be approved by a resolution at a general meeting. If the Company intends to repurchase its shares for reasons set out in (iii), (v) and (vi) above, a board resolution shall be passed by more than two-thirds of the directors attending the board meeting.

After the Company has repurchased its shares in accordance with the provisions above, the shares repurchased under the circumstance set out in (i) above shall be canceled within 10 days from the date of repurchase, the shares repurchased under the circumstances set out in (ii) and (iv) above shall be transferred or canceled within six months, and for the shares repurchased under the circumstances set out in (iii), (v) and (vi) above, the total number of the Company's shares held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares so acquired shall be transferred or canceled within three years. Where it is otherwise provided in the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed in respect of matters relating to share repurchases, such provisions shall prevail.

SHARE TRANSFER

The shares of the Company shall be transferred according to law. The Company shall not accept any of its own shares as the subject of pledge.

The shares issued prior to the public issuance of shares by the Company shall not be transferred within one year of the date on which the shares of the Company are listed and traded on a stock exchange.

The directors and senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein. During their terms of office as determined upon appointment, directors and senior management members of the Company shall not transfer annually during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within one (1) year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their departure from the Company.

When any shareholder, holding more than 5% of the Company's shares, of the Company or any director, senior management of the Company disposes of his/her/its shares or other securities with an equity nature in the Company within six months of purchase, or purchases shares in the Company again within six months after disposal, the proceeds derived therefrom shall be retained for the benefit of the Company and be revoked by the Board of Directors of the Company. However, the disposals by brokerage companies holding more than 5% of the shares in the Company due to the fact that their underwritten shares remain unsubscribed and other circumstances stipulated by the CSRC shall not be subject to the restriction. Where it is otherwise provided in the laws, regulations and the securities regulatory rules of the place where the shares of the Company are listed, such provisions shall prevail.

The shares or other securities with an equity nature held by any director, senior management and natural person shareholder referred to in the preceding paragraph shall include the shares or other securities with an equity nature held by their spouses, parents and children, and those held through others' accounts.

If the Board of Directors of the Company fails to comply with the aforesaid provisions, the shareholders shall have the rights to request the Board of Directors to implement the related provisions within 30 days. If the Board of Directors of the Company fails to implement the requirements within the specified time, the shareholders may directly institute a lawsuit in the People's Court in their own name for the benefit of the Company. If the Board of Directors of the Company fails to act in accordance with the aforesaid provisions, the responsible directors shall be jointly and severally liable in accordance with the law.

SHAREHOLDERS AND GENERAL MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders in accordance with the certificates issued by the share registrar and clearing house. The register of members shall be sufficient evidence of the holding of shares in the Company by the shareholders. Shareholders shall enjoy rights and assume obligations in accordance with the category of shares they hold; shareholders holding the same category of shares shall enjoy equal rights and assume equal obligations.

When the Company convenes a general meeting, distributes dividends, commences liquidation or engages in other acts requiring the confirmation of shareholding, the Board of Directors or the convener of a general meeting shall decide the date of record. The shareholders whose names appear on the register of members at the close of trading on the date of record are entitled to the relevant rights of shareholders.

The shareholders of the Company shall be entitled to the following rights:

(i) to be entitled to dividends and other forms of distribution in proportion to the number of shares held;

(ii) the right to propose, hold, convene and preside over, to attend or appoint a proxy to attend general meetings and to speak and exercise the corresponding voting rights in accordance with the laws;

(iii) to supervise and manage the business activities of the Company and to put forward proposals or raise inquiries;

(iv) to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;

(v) to review and copy the Articles of Association, the register of members, minutes of general meeting, resolutions of the Board of Directors and financial and accounting reports, and to review the Company's accounting books and accounting documents (for shareholders who meet the requirements);

(vi) upon termination or liquidation of the Company, to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;

(vii) with respect to shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company, to require the Company to acquire the shares held by them;

(viii) other rights conferred by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

If any resolution of the general meeting or the Board of Directors violates the laws or administrative regulations, the shareholders shall have the right to submit to the People's Court to nullify such resolution. If the convening procedures or voting methods for the general meeting or the board meeting violate the laws, administrative regulations or the Articles of Association, or any content of the resolution thereof violates the Articles of Association, the shareholders shall have the right to submit to the People's Court within 60 days after such a resolution is made to revoke it. However, this does not apply if such procedures for convening the general meeting and the board meeting, or the voting thereat, have only minor flaws that have no substantial impact on the resolution.

Where the directors and senior management personnel (other than members of the Audit Committee) violate laws, administrative regulations or the provisions in the Articles of Association in time of performing their duty hereof and has caused damage to the Company, the shareholder who holds more than one percent of the shares separately or aggregately in a continuous 180 days can submit a written request to the Audit Committee to institute litigation at a People's Court. Where members of the Audit Committee violate laws, administrative regulations or the provisions in the Articles of Association in time of performing their duty hereof and has caused damage to the Company, the aforementioned shareholders can submit a written request to the Board of Directors to institute litigation at a People's Court.

On the conditions that the Audit Committee or the Board of Directors refuse to prosecute an action after receiving the written request in the former Article, or do not take an action within 30 days, or if urgent situation, without an immediate proceedings the Company interests will be irreparably damaged, the shareholders in the former Article shall have the right to sue to the People's Court in their own name.

Where others infringe the Company's legitimate rights and interests and have caused damages to the Company, the shareholder who holds more than one percent of the shares separately or aggregately in a continuous 180 days can sue to the People's Court in accordance with the aforesaid provisions.

Shareholders of the Company shall assume the following obligations:

(i) Complying with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association;

(ii) Paying subscription moneys for the shares subscribed in accordance with the agreed manner of payment;

(iii) No withdrawal of their share capital contribution except for the circumstances set out in the laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed;

(iv) No abuse of shareholder's rights to damage the interests of the Company or other shareholders; no abuse of 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) Other obligations that should be assumed under laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed 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 shall be liable for the compensation. 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 shall bear joint liability for the debts of the Company.

Controlling Shareholders and De facto Controllers

The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, the provisions of the CSRC and the stock exchange, and safeguard the interests of the listed company.

Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

(i) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their affiliation to prejudice the legitimate interests of the Company or other shareholders;

(ii) to strictly fulfil the public statements and undertakings made, without unilateral alteration or waiver;

(iii) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;

(iv) not to appropriate the Company's funds in any way;

(v) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;

(vi) not to make use of the Company's undisclosed material information for personal gain, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;

(vii) not to prejudice the legitimate rights and interests of the Company and other shareholders through unfair related-party transactions, profit distribution, asset restructuring, foreign investment or any other means;

(viii) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organisation and business, and not to affect the independence of the Company in any way;

(ix) other provisions of laws, administrative regulations, provisions of the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles of Association relating to the duties of loyalty and diligence of directors shall apply. Where a controlling shareholder or de facto controller of the Company instructs a director or a member of the senior management to engage in an act that is detrimental to the interests of the Company or the shareholders, he/she shall be jointly and severally liable with such director or member of the senior management. If controlling shareholders or de facto controllers pledge the shares of the Company held by them or under their effective control, they should maintain the stability of the Company's control and production and operation.

If controlling shareholders or de facto controllers transfer the shares of the Company held by them, they shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, the regulations of the CSRC and the stock exchanges and their undertakings in relation to the restriction on the transfer of shares.

General Provisions of General Meeting

The general meeting of the Company comprises all shareholders. The general meeting shall be the organ of authority of the Company and shall exercise the following functions and powers in accordance with the law (such powers shall not be delegated to the Board of Directors or to any other body or person):

(i) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(ii) to consider and approve reports of the Board of Directors;

(iii) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issuance of bonds by the Company;

(vi) to resolve on the merger, demerger, dissolution, liquidation or change of form of the Company;

(vii) to amend the Articles of Association;

(viii) to resolve on the appointment, dismissal of the accounting firm engaged in the audit work of the Company and to determine its remuneration;

(ix) to review and approve the guarantee matters as stipulated in the Articles of Association;

(x) to consider acquisitions and disposals of material assets in a year exceeding 30% of the Company's latest total audited assets;

(xi) to consider the related parties transactions between the Company and the related party, in amount of more than RMB30 million, occupying more than 5% of the audited absolute value on net asset of the Company in the latest period;

(xii) when a transaction of the Company (excluding financial assistance, and provision of guarantee and other transactions of the Company without involving any payment of consideration or attaching any obligations such as receiving monetary assets as gift and waiver of debts) meets one of the following criteria (if the data involved in the below index calculation is negative, the absolute value of the data shall be taken), it shall be submitted to the general meeting for consideration:

a) the total amount of assets involved in the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 50% of the latest audited total assets of the listed company;

b) the net assets involved in the subject matter (such as equity) of the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 50% of the latest audited net assets of the company, and the absolute amount exceeds RMB50 million;

c) the transaction value (including liabilities and expenses incurred) accounts for over 50% of the latest audited net assets of the Company, and the absolute amount exceeds RMB50 million;

d) the profit derived from the transaction accounts for over 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million;

e) the relevant operating income of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 50% of audited operating income of the listed company in the latest accounting year, and the absolute amount exceeds RMB50 million;

f) the relevant net profit of the subject matter (such as equity) of the transaction in the latest accounting year accounts for over 50% of the audited net profit of the Company in the latest accounting year, and the absolute amount exceeds RMB5 million.

(xiii) to consider the equity incentive plan and employee share schemes of the Company;

(xiv) to consider and approve proposals for changing the purpose of the raised funds;

(xv) to consider other matters that laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association require to be resolved by the general meeting.

The general meeting could authorize the Board of Directors to make resolutions on the issuance of corporate bonds.

General meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once every year and shall take place within six months of the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within two months after the occurrence of any one of the following circumstances:

(i) where the number of directors is less than the number stipulated in the Company Law or is not more than two-thirds of the number required by the Articles of Association;

(ii) where the unrecovered losses of the Company amount to one-third of its total paid-in share capital;

(iii) upon the requisition of shareholders individually or in aggregate holding more than 10 per cent of the shares of the Company;

(iv) when the Board of Directors deems necessary;

(v) the Audit Committee proposes to call for such a meeting;

(vi) other circumstances as stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The general meetings shall be held at a meeting place in the form of on-site meeting which members can attend virtually with the use of technology. The Company shall also provide the electronic voting means for the convenience of shareholders.

Convening of General Meetings

The Board of Directors shall convene a general meeting on time and within the prescribed period.

With the approval of a majority of all independent directors, the independent directors shall be entitled to propose the convention of an extraordinary general meeting to the Board of Directors. With regard to the proposal by the independent directors on convention of an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of the laws, administrative regulations and the Articles of Association, make feedback in written form concerning approval or disapproval of the convention within 10 days after its receipt of the request. If the Board of Directors agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. If the Board of Directors does not agree to hold the extraordinary general meeting, it shall give the reasons and publish an announcement.

The Audit Committee shall have the right to propose to the Board of Directors in writing to hold an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the proposal from the Audit Committee to call such meeting. If the Board of Directors agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the Audit Committee shall be secured if any change is to be made in the notice to the original request. If the Board of Directors disagrees to hold an extraordinary general meeting or fails to give a written response within 10 days after the receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a general meeting. In such case, the Audit Committee may convene and preside over the meeting on its own.

Shareholders that hold, individually or collectively, more than 10% of the shares in the Company shall request in writing the Board of Directors to hold an extraordinary general meeting. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles of Association, give a written response on whether or not it agrees to call such an extraordinary general meeting within 10 days after receiving the request. If the Board of Directors agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after it has so resolved. The consent of the relevant shareholders shall be secured if any change is to be made in the notice to the original request. If the Board of Directors disagrees to hold an extraordinary general meeting or fails to give a response within 10 days after receipt of the proposal, the shareholders that hold, individually or collectively, more than 10% of the shares of the Company may propose in writing to the Audit Committee to hold an extraordinary general meeting.

If the Audit Committee agrees to hold an extraordinary general meeting, it will issue a notice calling such meeting within 5 days after receipt of the request. The consent of the relevant shareholders shall be secured if any change is to be made in the notice to the original request. If the Audit Committee fails to issue the notice calling such meeting within the period specified, it shall be deemed to have failed to convene and preside over such meeting. The shareholders holding, individually or collectively, more than 10% of the shares in the Company for 90 days or more consecutively may convene and preside over such meeting.

The Audit Committee or the shareholders that decide to hold a general meeting by itself or themselves shall notify the Board of Directors thereof in writing, and file it with the Shanghai Stock Exchange. Upon issuing the notice of the general meeting and the resolutions of such meeting, the Audit Committee or the convening shareholder shall provide relevant supporting documents to the Shanghai Stock Exchange. The shareholders who convene the general meeting shall hold at least 10% of the shares in the Company prior to the publish of the resolutions of such meeting.

The necessary expenses of the general meeting convened by the Audit Committee or the shareholders itself/themselves shall be borne by the Company.

Resolutions and Notices of General Meeting

When convening a general meeting, the Board of Directors, the Audit Committee and shareholders individually or in aggregate holding more than 1 per cent of the Company's shares shall be entitled to propose motions to the Company. Shareholders individually or in aggregate holding more than 1% of the Company's shares are entitled to propose interim proposals and submit them in writing to the convener 10 days before the general meeting is to be held. The convener shall within two days upon receipt of the proposal issue a supplementary notice of the general meeting, announcing the content of the interim proposals and submitting the interim proposals to the general meeting for consideration, however, except for the interim proposals that violate the requirements of the laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, or are not within the terms of reference of the general meeting. Save as provided in the preceding clause, after the issue of the notice of the general meeting, the convener shall not make any amendment to the proposal specified in the notice of the general meeting or add any new proposal. In respect of proposal not specified in the notice of the general meeting or not complying with the requirements of the Articles of Association, no voting and resolution shall be made at the general meeting.

The convener shall notify shareholders by way of announcement 20 days before the convening of an annual general meeting, and shareholders will be notified by notice 15 days before the convening of an extraordinary general meeting.

The notice of the general meeting includes the following:

(i) the time, place and duration of the meeting;

(ii) the matters and proposals submitted to the meeting for consideration;

(iii) the date of registration of shares of shareholders entitled to attend the general meeting;

(iv) state in plain language that all shareholders listed in the register of members as at the date of record are entitled to attend the general meeting and may appoint a proxy in writing to attend and vote at the meeting, and that such proxy needs not be a shareholder of the Company;

(v) the time and place for the delivery of the proxy forms for voting;

(vi) the name and phone number of the permanent contact person for the meeting;

(vii) the time and procedures of voting via the internet or by other means;

(viii) other contents to be included in the notice as stipulated in relevant laws, regulations, rules, normative documents, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

After issuance of the notice for general meeting, the general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of postponement or cancellation, the convener shall make an announcement stating the reasons at least 2 business days before the original meeting date.

Holding of General Meeting

All shareholders registered on the date of share registration or their proxies are entitled to attend the general meetings. They shall also exercise their rights to speak and vote in accordance with the relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, unless individual shareholders are required by the securities regulatory rules of the place where the Company's shares are listed to waive their voting rights in respect of individual matters. Shareholders may attend the general meetings in person or appoint one or more persons (such persons need not be shareholders) as proxies to attend, speak and vote on their behalf.

Where any directors and senior management are required to attend the general meeting, such directors and senior management shall be present at the meeting and reply the enquiries of shareholders.

The chairman of the Board of Directors shall preside over the general meeting. If the chairman is unable to perform his or her duties or fails to perform his or her duties, the vice chairman shall preside over the meeting; if the vice chairman is unable to perform his or her duties or fails to perform his or her duties, more than half of directors shall jointly elect one director to preside over the meeting. The chairperson of the Audit Committee shall preside over the general meeting convened by the Audit Committee. If the chairperson of the Audit Committee cannot or does not fulfill his or her duties, a member of the Audit Committee jointly elected by more than half of the members of the Audit Committee shall preside over the meeting. A general meeting convened by the shareholders themselves shall be presided over by the convener or a representative elected by the convener. At a general meeting, where the chairperson of the meeting breaches the Rules of Procedures for the General Meeting, which makes the general meeting unable to carry on, one person may be elected as the chairperson of the meeting by the attending shareholders with one half or more of voting rights to resume the general meeting.

The Company shall formulate the Rules of Procedures for the General Meeting, and specify the convening, holding and voting procedures of the General Meeting, including notice, registration, consideration of proposal, voting, counting of votes, announcement of voting results, formation of resolutions of the meeting, minutes of the meeting and signing thereof, announcement as well as the principle of authorization of the general meeting to the Board of Directors. The content of authorization shall be clear and specific. The Rules of Procedures for the General Meeting shall be annexed to the Articles of Association and shall be prepared by the Board of Directors and approved by the general meeting.

Voting and Resolutions of General Meeting

The resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution shall be adopted by more than half of the votes held by the shareholders attending the general meeting. A special resolution shall be adopted by a two-thirds or more of the votes held by the shareholders attending the general meeting.

The following matters shall be passed through ordinary resolutions at the general meeting:

(i) work reports of the Board of Directors;

(ii) plans for profit distribution and recovery of losses prepared by the Board of Directors;

(iii) appointment and dismissal of the members of the Board of the Directors, and their remuneration and payment methods;

(iv) matters other than those which shall be passed by special resolutions as specified by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

The following matters shall be passed through special resolution at the general meeting:

(i) the increase or reduction of the registered capital of the Company;

(ii) the division, spin-off, merger, dissolution and liquidation (including voluntary liquidation) of the Company;

(iii) the amendment to the Articles of Association;

(iv) the purchases or sales of material assets by the Company within one year or the guarantee amount provided to others exceeding 30% of the latest audited total assets of the Company;

(v) the equity incentive plan;

(vi) adjustments or changes to the profit distribution policy;

(vii) other matters stipulated by laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association, as well as other matters that the General Meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

Shareholders shall exercise their voting rights according to the number of voting shares they represent, and each share shall have one vote.

Where any major matter that has an impact on the interests of minority investors is considered at a general meeting, the votes casted by minority investors shall be counted separately. The results of the separate counting shall be disclosed to the public in a timely manner.

Shares of the Company held by the Company shall carry no voting rights, and be excluded from the total voting shares held by shareholders present at a general meeting.

Shareholders, who purchase the voting shares of the Company in violation of provisions of the first clause and the second clause of Article 63 of the Securities Law, shall not exercise the voting rights of the Shares that exceed the prescribed ratio within 36 months after such purchase, and such shares shall not be counted among the total number of Shares with voting rights at a general meeting.

The Board of Directors, an independent director, a shareholder holding more than 1% of voting shares of the Company or an investor protection institution formed in accordance with laws, administrative regulations, or the rules of the CSRC may publicly solicit proxies. In proxy solicitation, the voting intention and other relevant information shall be fully disclosed to the shareholders from whom proxy is solicited. Proxy solicitation with the provision of direct or indirect compensation shall be prohibited. The Company may not impose any minimum shareholding requirement for proxy solicitation, except under statutory conditions.

When the general meeting considers matters relating to a related party transaction, the related shareholders may attend the general meeting and present their views to the attending shareholders in accordance with the procedures of the general meeting but shall not participate in the vote and the number of voting shares represented by them shall not be counted toward the total number of valid voting shares. The announcement of the resolutions of the general meeting shall adequately disclose information relating to voting by non-related shareholders. The chairman of the meeting shall, before any proposal on related party transactions is considered at the general meeting, inform related shareholders that they are not entitled to vote on the proposal. The votes cast by any related shareholder on related party transactions in violation of aforesaid provision shall be invalid.

When the general meeting votes on the election of directors, if the number of directors to be elected is more than one, the cumulative voting system shall be implemented. In addition to the cumulative voting system, the general meeting shall resolve on all the proposed resolutions separately; in the event of several proposed resolutions for the same issue, such proposed resolutions shall be voted on and resolved in the order of time at which they are submitted. Unless the general meeting is adjourned or no resolution can be made for special reasons such as force majeure, voting of such proposed resolutions shall neither be put aside nor denied at the general meeting.

When considering a proposed resolution, the general meeting shall not revise it; if an amendment is made, it shall be deemed as a new proposed resolution and may not be voted on during the current general meeting. The same vote may only be cast once at the location of a general meeting, or by online voting or other means. Where the same vote is cast for two or more times, the first cast shall hold.

BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the general meeting, and may further be removed from their office prior to the conclusion of the term thereof by the general meeting. The term of office of a director shall be three years, which is renewable upon re-election.

The tenure of a director shall be from the date of appointment to the expiry of tenure of the current board of directors. If a director's tenure expires but a re-elected director is not elected in time, then before the re-elected director holding office, the original director shall still perform the duties as director, in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Directors may be concurrently held by senior management members, but the total number of directors concurrently serving as senior management members and directors who are employee representatives shall not exceed one half of the total number of directors of the Company.

Directors shall observe the provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association with the obligations of loyalty to the Company, take measures to avoid conflicts between their own interests and the Company's interests, and must not abuse their authority to seek improper benefits. The Directors shall fulfill the following obligations of loyalty to the Company:

(i) not to misappropriate the Company's properties or divert the funds of the Company;

(ii) not to deposit any funds of the Company in an account opened in their names or in the names of others;

(iii) not to abuse their authority in bribes or accepting other unlawful income;

(iv) not to enter into any contract or conduct any transaction, directly and indirectly, with the Company without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the Board of Directors or the general meeting as stipulated in the Articles of Association;

(v) not to take advantage of their positions to seek any business opportunities that are due to the Company for themselves or others prior to obtaining approval from the general meeting, unless such business opportunities are not available to the Company upon reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting or as required in laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association;

(vi) not to conduct any businesses similar to those of the Company for themselves or others without reporting to the Board of Directors or the general meeting and obtaining approval through resolutions by the general meeting;

(vii) not to take any commission for any transaction between other parties and the Company as their own;

(viii) not to disclose any secret of the Company;

(ix) not to use his or her connected relationships to harm the interests of the Company;

(x) to fulfill other obligations of loyalty stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

Directors' income derived from violation of the above-mentioned provision shall belong to the Company; and directors shall be liable to compensate any loss incurred to the Company.

Directors shall observe laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association to perform their obligations of diligence to the Company. They shall fulfill their obligations with reasonable care generally due to managers in the best interests of the Company. Directors fulfill the following obligations of diligence to the Company:

(i) to prudently, conscientiously and diligently exercising the rights granted him or her by the Company, so as to ensure that the commercial acts of the Company comply with state laws, administrative regulations and the requirements of the various economic policies of the state, and that its commercial activities do not exceed the scope of business specified on the business license;

(ii) to treat all shareholders impartially;

(iii) to keep informed of the operation and management conditions of the Company;

(iv) to sign the written confirmation in respect of the regular reports of the Company to assure that the information disclosed by the Company is true, accurate and complete;

(v) to honestly provide the Audit Committee with relevant information and data, and not to prevent the Audit Committee from performing its duties and powers;

(vi) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

A director who fails to attend the meeting of the Board of Directors in person for two consecutive times and does not appoint other directors to attend the meeting shall be deemed unable to perform his or her duties and the Board of Directors shall recommend the general meeting to replace him or her. If an independent director fails to attend the meeting of the Board of Directors in person for two consecutive times, and does not appoint another independent director to attend the meeting on his or her behalf, the Board of Directors shall propose the convening of a general meeting to remove him/her from his/her position within 30 days from the date of occurrence of such facts.

A director may resign prior to expiry of his/her tenure. A resigning director shall submit a written resignation report to the Company, and the resignation shall become effective on the date the Company receives the resignation report. The Company shall disclose the relevant information as soon as practicable (but shall not more than two trading days). The written resignation letter of an independent director should describe any circumstances relating to his or her resignation or which he or she considers necessary to bring to the attention of the shareholders and creditors of the Company. The Company shall disclose the reasons and concerns of the resignation of independent Directors. If the number of members of the Board of Directors of the Company shall fall below the statutory quorum as a result of the resignation of a director, the said director shall continue fulfilling the duties as director pursuant to laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association until a new director is elected. If the resignation of an independent director would result in the proportion of independent directors on the Board of Directors or its special committees not in compliance with the provisions of the Administrative Measures for Independent Directors of Listed Companies (《上市公司獨立董事管理辦法》), the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, or if there is a lack of accounting professionals among the independent directors, the resigning independent director shall continue to perform his/her duties until a new independent director is appointed. The Company shall complete the by-election within sixty days from the date on which the resignation is tendered.

When a director's resignation comes into effect or his/her term of service expires, the director shall complete all transfer procedures with the Board of Directors. His/her fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his/her term of service and will be still in effective for a reasonable period specified by the Articles of Association. Responsibilities that should be undertaken by a director in connection with his/her performance of duties during his/her term of office shall not be waived or terminated as a result of such departure.

If a director causes damages to others in performing duties for the Company, the Company shall be liable for compensation; and if such damages are out of the intent or gross negligence of the director, he/she shall also be liable for compensation. A director that violates laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association and causes losses to the Company in performing duties of the Company shall be liable for compensation. If, without the approval of the Board of Directors or the general meeting, a director provides guarantee for others with the Company's property without authorization, the Board of Directors shall recommend to the general meeting that he or she be replaced; and if the Company suffers any loss as a result of such a guarantee, the director concerned shall be liable to pay compensation.

Board of Directors

The Company shall have a Board of Directors. The Board of Directors consists of nine directors, including one employee representative director and at least one third of the independent directors.

The Board of Directors shall exercise the following powers and duties:

(i) to be responsible for convening the general meeting and reporting its work to the general meeting;

(ii) to implement the resolutions adopted by the general meeting;

(iii) to determine the Company's business plans and investment plans;

(iv) to formulate the Company's profit distribution plans and plans to cover losses;

(v) to formulate the plans for the increase or reduction of the Company's registered capital and the plans for the issuance of the Company's bonds or other securities and listing plans;

(vi) to draft the plans for major acquisitions, repurchases of the Company's shares or merger, division, dissolution or change of the corporate form of the Company;

(vii) to determine, within the scope authorized by the general meeting, such matters as the Company's external investments, the purchase and sale of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions and external donations;

(viii) to decide on the establishment of the Company's internal management organizations;

(ix) to decide to appoint or remove the Company's general manager and the secretary of the Board of Directors, and decide on matters relating to their remuneration and rewards; and according to the nomination of the general manager, to decide to appoint or remove the senior management members of the Company, such as the deputy general manager and chief financial officer and decide on matters relating to their remuneration and rewards;

(x) to determine the related party transactions between the Company and related legal persons with an amount of more than RMB3 million and accounting for more than 0.5% but less than 5% of the absolute value of the Company's latest audited net assets; to determine the related party transactions between the Company and related natural persons with an amount of more than RMB300,000 and accounting for less than 5% of the absolute value of the Company's latest audited net assets;

(xi) to consider and approve the transaction that meets one of the following criteria (where the relevant data in the below indicators is negative, the absolute value shall be used for calculation):

a) the total assets (where the total assets involved in the transaction have both book value and appraised value, whatever is higher shall prevail) involved in the transaction account for more than 10% but less than 50% of the Company's latest audited total assets;

b) the net assets (where the net assets involved in the transaction have both book value and appraised value, whatever is higher shall prevail) involved in the subject matter of the transaction (e.g., equity interests) account for more than 10% but less than 50% of the Company's latest audited net assets and their absolute amount exceeds RMB10 million;

c) the transaction amount of the transaction (including the debt and expenses) accounts for more than 10% but less than 50% of the Company's latest audited net assets, with an absolute amount exceeding RMB10 million;

d) the profit derived from the transaction accounts for more than 10% but less than 50% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB1 million;

e) the revenue related to the subject of the transaction (e.g., equity interest) for the latest accounting year accounts for more than 10% but less than 50% of the Company's audited revenue for the latest accounting year, with an absolute amount exceeding RMB10 million;

f) the net profit related to the subject of the transaction (e.g., equity interest) for the latest accounting year accounts for more than 10% but less than 50% of the Company's audited net profit for the latest accounting year, with an absolute amount exceeding RMB1 million.

(xii) to formulate a preliminary plan for the allowance standards of independent directors of the Company;

(xiii) to formulate the basic management systems of the Company;

(xiv) to formulate any proposed amendment to the Articles of Association;

(xv) to manage the information disclosure of the Company;

(xvi) to propose to the general meeting the appointment or replacement of an accounting firm that performs audits for the Company;

(xvii) to listen to the work report of the general manager of the Company and inspect the work of the general manager;

(xviii) other powers and duties conferred by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association or general meeting.

External guarantees that are required to be examined and approved by the Board of Directors must be approved by more than one half of all the directors of the Company, and shall be passed by more than two-thirds of the directors present at the Board meeting.

The Board of Directors shall have a chairman and a vice chairman, who shall be elected by the Board of Directors with approval of more than half of all the directors.

The chairman of the Board of Directors shall exercise the following powers and functions:

(i) to chair the general meetings and convene and chair the board meetings;

(ii) to supervise and inspect the implementation of resolutions passed by the Board of Directors;

(iii) to exercise other functions and powers conferred by the Board of Directors.

The vice chairman of the Company shall assist the chairman of the board, and if the chairman of the board is unable to perform his duties or does not perform his/her duties, the vice chairman shall perform his duties, and if the vice chairman is unable to perform his duties or does not perform his duties, the majority of the directors shall jointly elect a director to perform his duties.

The Board of Directors shall convene regular board meeting at least four times each year at an interval of approximately once a quarter. The meeting shall be convened by the chairman and all the directors shall be notified in writing 14 days prior to the meeting.

Shareholders representing more than one-tenth of the voting rights, or more than one-third of the Board of Directors or the Audit Committee, may propose to convene an extraordinary general meeting of the Board of Directors. The chairman shall convene and preside over the meeting of the Board of Directors within 10 days after receiving the proposal.

The board meeting shall be held upon the attendance by more than half of directors. Resolutions of the Board of the Directors shall be passed by more than half of all directors. Resolutions of the Board of the Directors are voted by way of poll with each director having one vote.

The directors shall attend in person the meetings of the Board of Directors. Where any director who cannot attend for reasons may entrust another director in writing to attend. The power of attorney shall specify the name of the agent, the matters to be represented, the scope of authorization, and the period of validity, and shall be signed or stamped by the principal. The directors who attend the meeting on behalf shall exercise the rights as directors within the scope of authorization. Failure by a director to attend a meeting of the Board of Directors or to authorize a representative to attend the meeting on his/her behalf shall be deemed a waiver of the voting right at such meeting.

Independent Directors

The independent directors, as members of the Board of Directors, shall have fiduciary obligations and diligent obligations towards the Company and all shareholders, and shall prudently perform the following duties:

(i) to participate in the decision-making process of the Board of Directors and offer clear opinions on the matters under deliberation;

(ii) to supervise matters relating to potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors and senior management, and to protect the legitimate rights and interests of small and medium shareholders;

(iii) to provide professional and objective advice on the Company's operations and development, and to help improve the decision-making standards of the Board of Directors;

(iv) to perform any other duties as required by the laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The independent directors shall exercise the following special functions and powers:

(i) independently engaging intermediaries to audit, consult or verify specific matters of the Company;

(ii) proposing to the Board of Directors the convening of an extraordinary general meeting;

(iii) proposing to convene a meeting of the Board of Directors;

(iv) to openly solicit shareholders' rights from shareholders in accordance with the law;

(v) expressing independent opinions on matters that may jeopardize the interests of the Company or minority shareholders;

(vi) other powers and functions prescribed by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association.

The exercise of the powers and functions listed in (i) to (iii) of the preceding paragraphs by an independent director shall be approved by a majority of all independent directors.

Special Committees of the Board of Directors

The Board of Directors of the Company has established the Audit Committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law as well as the powers and functions as stipulated in the securities regulatory rules of the place where the shares of the Company are listed.

The Audit Committee shall consist of at least three members, who shall be non-executive directors who do not hold senior management positions in the Company, of whom a majority shall be independent directors. The Audit Committee shall be convened by an accounting professional among the independent directors, at least one of whom shall have appropriate professional qualifications in accordance with the securities regulatory rules of the place where the shares of the Company are listed or who shall have appropriate accounting or related financial management expertise.

The Audit Committee is responsible for reviewing the Company's financial information and its disclosures, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board of Directors for consideration after the approval by a majority of all members of the Audit Committee:

(i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) appointment, re-appointment or dismissal of the accounting firm that undertake the audit affair of the listed company, approval of the remuneration and terms of appointment of the accounting firm, and handling of any issues relating to the resignation or dismissal of the accounting firm;

(iii) appointment or dismissal of the financial controller of the listed company;

(iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(v) other matters as provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

In addition to the Audit Committee, the Board of Directors of the Company has established other special committees, including the Strategy and Sustainability Committee, the Nomination Committee and the Remuneration and Appraisal Committee to perform their duties in accordance with the securities regulatory rules of the place where the shares of the Company are listed, the Articles of Association and the authorization of the Board of Directors. The proposals of the special committees shall be submitted to the Board of Directors for deliberation and decision. The Board of Directors shall be responsible for formulating the terms of reference of the special committees.

A majority of the members of the Nomination Committee and the Remuneration and Appraisal Committee shall be independent directors, and the Nomination Committee shall have at least one director of a different gender. An independent director or the chairman of the Board of Directors shall act as the convener of the Nomination Committee, and an independent director shall act as the convener of the Remuneration and Appraisal Committee.

The Nomination Committee is responsible for formulating the standards and procedures for the selection of directors and senior management members, selecting and reviewing the candidates for directors and senior management members and their qualifications for office, and making recommendations to the Board of Directors on the following matters:

(i) review the structure, number of members and composition of the Board of Directors (including the skills, knowledge and experience) at least once a year, assist the Board of Directors in maintaining a Board of Directors skills matrix, and make recommendations on any proposed changes to the Board of Directors to cooperate with the Company's corporate strategy;

(ii) identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

(iii) the nomination, appointment, removal or reappointment of directors and the succession planning for directors, in particular the chairman and general manager;

(iv) the appointment or dismissal of senior management;

(v) the assessment of the independence of independent directors;

(vi) support the Company's regular evaluation of the performance of the Board of Directors;

(vii) other matters as provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The Remuneration and Appraisal committee is responsible for formulating the evaluation criteria for directors and senior management and conducting the evaluation, preparing and reviewing the remuneration policies and programs for directors and senior management such as the mechanism for determining the remuneration of directors and senior management, the decision-making process, and the arrangements for the payment and stoppage of recourse, and making recommendations to the Board of Directors on the following matters:

(i) the remuneration of directors and senior management;

(ii) formulating or changing the share incentive scheme and employee share ownership scheme, granting of rights and benefits to the targets of the incentives and fulfillment of the conditions for exercising the rights and benefits;

(iii) arranging share ownership schemes for directors and senior management in the subsidiaries proposed to be spun off;

(iv) other matters as provided by laws, administrative regulations, the CSRC, the securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Senior Management Members

The Company shall have one general manager, who shall be decide on the appointment or dismissal by the Board of Directors. The Company shall have several deputy general managers, who shall be decide on the appointment or dismissal by the Board of Directors.

The provisions of the Articles of Association relating to the obligations of loyalty and diligence of the directors, shall also apply to senior management members.

The term of office of the general manager is three years, and he or she can be re-elected if re-appointed.

The general manager shall be accountable to the Board of Directors and shall exercise the following powers:

(i) to preside over the operation and management of the Company, organize the implementation of the resolutions of the Board of Directors, and report to the Board of Directors;

(ii) to organize the implementation of the Company's annual operation plans and investment plans;

(iii) to draft the plan for the establishment of the Company's internal management organizations;

(iv) to draft the basic management policy of the Company;

(v) to formulate specific rules and regulations of the Company;

(vi) to propose to the Board of Directors on the appointment or dismissal of the Company's deputy general manager and financial controller;

(vii) to determine to appoint or dismiss the management personnel except for those who should be appointed or dismissed by the Board of Directors;

(viii) to formulate the plans for the salary, benefits, rewards and punishments of the Company's employees, and to determine the employment and dismissal of the Company's employees;

(ix) to represent the Company in external matters and enter into contracts for the day-to-day business of the Company as authorized by the Board of Directors;

(x) such other powers granted by the Board of Directors.

The Company has a secretary to the Board of Directors. The secretary to the Board of Directors is a senior management of the Company and shall be accountable to the Company and the Board of Directors. The secretary to the Board of Directors shall have the requisite professional knowledge in terms of finance, management and law, and possess good professional ethics and personal quality.

The secretary to the Board of Directors shall primarily perform the following duties:

(i) to be responsible for the Company's information disclosure affairs, coordinate the Company's information disclosure, organize and formulate the Company's information disclosure affairs management system, and urge the Company and the relevant information disclosure obligors to comply with the relevant information disclosure regulations;

(ii) to be responsible for investor relations management, coordinate the information communication between the Company and securities regulatory authorities, investors, de facto controllers, intermediary agencies, media, etc.;

(iii) to prepare and organize board meetings and general meetings, attend the general meetings, meetings of the Board of Directors, meetings of the special committees and meetings of the senior management, and be responsible for making records for the meetings of the Board of Directors and sign such records;

(iv) to be responsible for the confidentiality of the Company's information disclosure, and to report and disclose any leakage of major undisclosed information to the Shanghai Stock Exchange in a timely manner;

(v) to pay attention to media coverage and take the initiative to verify the truth, and urge the relevant parties in the Company to reply to the inquiries of the Shanghai Stock Exchange in a timely manner;

(vi) to arrange trainings on the relevant laws and regulations and the relevant rules of the Shanghai Stock Exchange for the Company's directors and senior management, and to assist such persons to understand their responsibilities in respect of information disclosure;

(vii) to urge the directors and senior management to abide by the laws and regulations, the relevant rules of the Shanghai Stock Exchange and the Articles of Association, and to effectively fulfil their commitments; when he/she is aware that the Company, directors and senior management have made or may make resolutions that violate the relevant provisions, he/she shall remind them and report the same to the Shanghai Stock Exchange in a timely manner;

(viii) to be responsible for the management of the changes in the Company's shares and the derivatives thereof;

(ix) other duties as required under the laws, regulations and the Shanghai Stock Exchange.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall formulate its financial accounting systems in accordance with laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed and regulations of relevant departments of the State.

The Company shall submit and disclose the annual report to the local branch of CSRC and the stock exchanges within four months after the end of each accounting year, and submit and disclose the interim report to the local branch of CSRC and the stock exchanges within two months after the end of the first half of each accounting year. The above annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, the CSRC and regulations of the securities regulatory authorities and stock exchanges in the places where the shares of the Company are listed.

The Company shall not establish accounts books other than those provided by law. Any assets of the Company shall not be kept under any account opened in the name of any individual.

When distributing after-tax profits of the year, the Company shall allocate 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not to make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a shareholders' meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund from its after-tax profits. Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of reserve funds, shall be distributed to shareholders in proportion to their shareholdings.

If the general meeting distributes profits to shareholders in violation of the provisions of the Company Law, shareholders shall refund to the Company the profits distributed in violation of the provisions; if losses are caused to the Company, the shareholders, the responsible Directors and senior management shall be liable for compensation.

No profit shall be distributed in respect of the shares of the Company which are held by the Company.

The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company. The discretionary reserve and the statutory reserve shall first be used in making up the losses of the Company, and for any losses left to be set off, the capital reserve may be utilized in accordance with the provisions. When the registered capital is increased by ways of conversion of the statutory reserve fund, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Principle of profit distribution: The Company's profit distribution shall emphasise reasonable investment returns to public shareholders, aim at sustainable development and protection of shareholders' rights and interests, and shall maintain the continuity and stability of the profit distribution policy in compliance with the relevant provisions of laws and regulations.

Method of profit distribution: The Company may distribute profits in the form of cash, shares or a combination of both, or in any other manner permitted by laws with cash dividends taking precedence over other profit distribution methods. In principle, profit distribution shall be made on an annual basis if the conditions for profit distribution are met, and the Company may make interim profit distribution if conditions are met. Where the conditions for cash dividend are met, the Company shall adopt cash dividend for profit distribution. Where share dividends are adopted for profit distribution, real and reasonable factors such as the growth of the Company and the dilution of net assets per share should be taken into account.

Internal Audit

The Company shall implement its internal audit system, which specifies the leadership system, duties and responsibilities, staffing, financial protection, the use of audit results and accountability for internal audit. The Company's internal audit system is implemented after approval by the Board of Directors and is disclosed to the public. The internal audit department of the Company conducts supervision and inspection of the business activities, risk management, internal control, financial information and other matters of the Company.

Appointment of an Accounting Firm

The Company shall appoint such accounting firm which has complied with the Securities Law, and the securities regulatory rules of the place where the shares of the Company are listed for carrying out the audit for the accounting statements, net asset verification, and other relevant consultancy services. The term of appointment shall be 1 year and can be re-appointed. The appointment or dismissal of accounting firm by the Company shall be subject to the approval of the general meeting. The Board of Directors shall not appoint accounting firm before the approval of the general meeting. The Company guarantees that it shall provide the appointed accounting firm with true and complete accounting proofs, accounting books, financial accounting reports and other accounting information, and that it engages without any refusal, withholding, and misrepresentation.

The audit fee of the accounting firm shall be determined by the general meeting. In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 10 days in advance; when the shareholders cast their votes at the general meeting on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation thereat.

An accounting firm proposing to resign shall state its opinions in the general meeting whether the Company has committed any improper act.

Notice And Announcement

Notices of the Company shall be sent by the following means:

(i) by hand;

(ii) by post;

(iii) by fax or email;

(iv) in case of urgency, an oral notification may be made, subject to written confirmation by the person to be notified;

(v) by announcement;

(vi) by other means acceptable to the securities regulatory rules of the place where the shares of the Company are listed or provided by the Articles of Association.

Where a notice issued by the Company is in the form of an announcement, all relevant persons are deemed to have received the notice once the announcement is made.

Notice of a general meeting of the Company shall be given by announcement. Notice of a meeting of the Board of Directors convened by the Company shall be given by hand, post, fax or e-mail, except for otherwise provided in the Articles of Incorporation when an extraordinary meeting of the Board of Directors is convened for urgent reasons.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Capital Reduction

If the Company is involved in a merger, the parties to the merger shall enter into a merger agreement, and shall prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the merger and shall publish an announcement through designated media or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts.

Where there is a division of the Company, its assets shall be divided accordingly. Where there is a division of the Company, a balance sheet and property list shall be prepared. The Company shall notify its creditors within 10 days as of the date of the resolution for the division and shall publish an announcement through designated media or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. Unless a written agreement has been entered into, before the division, by the Company and its creditors in relation to the repayment of debts, debts of the Company prior to the division shall be jointly assumed by the surviving companies after the division.

Where the Company needs to reduce its registered capital, it shall prepare a balance sheet and property list. The Company shall notify its creditors within 10 days as of the date of the resolution for the reduction of its registered capital by the general meeting and shall publish an announcement through designated media or on the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within 30 days as of the date of such resolution. A creditor may within 30 days as of the receipt of the notice or, in case where he/she fails to receive such notice within 45 days of the date of the announcement, to demand the Company to repay its debts or provide guarantees for such debts. If the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in accordance with the proportion of capital contributed or shares held by shareholders, unless otherwise provided by law or otherwise provided in the Articles of Association.

When the Company issues new shares to increase its registered capital, shareholders do not have preemptive rights, unless otherwise stipulated in the Articles of Association or a resolution of the general meeting grants shareholders preemptive rights.

Dissolution and Liquidation

The Company shall be dissolved upon the occurrence of the following events:

(i) other cause of dissolution as specified in the Articles of Association;

(ii) a resolution on dissolution is passed by a shareholders' meeting;

(iii) dissolution is required due to the merger or division;

(iv) the business license of the Company is revoked or the Company is ordered to close down or dissolved in accordance with the laws;

(v) the Company suffers significant hardships in operation and management, and its continued existence would cause significant losses to shareholders' interests, and such issues cannot be resolved through other means, shareholders representing 10% or above of the total voting rights of the Company may plead the people's court to dissolve the Company.

On the occurrence of the events of dissolution set out in the preceding provisions, the Company shall make an announcement via the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統) within ten days.

Where the Company is dissolved under (i), (ii), (iv) and (v) above, it shall be liquidated. The Directors, being the liquidation obligors of the Company shall form a liquidation team for liquidation within fifteen days from the date of occurrence of the cause for dissolution to carry out liquidation. The liquidation team shall consist of the directors, unless the Articles of Association provide otherwise or the general meeting resolve to elect another person(s).

The liquidation team shall exercise the following functions and powers:

(i) to inform creditors by notice or announcement;

(ii) to examine and take possession of the assets of the Company and prepare the balance sheet and a property inventory;

(iii) to deal with the outstanding businesses of the Company relating to liquidation;

(iv) to pay all outstanding taxes and taxes incurred during the liquidation proceedings;

(v) to settle creditor's rights and debts;

(vi) to distribute the remaining assets of the Company after repayment of debts;

(vii) to represent the Company in civil proceedings.

The liquidation team shall, within 10 days of its formation, notify the creditors, and shall, within 60 days, make a public announcement on the designated media of the place where the Company locates or on National Enterprise Credit Information Publicity System. Creditors shall, within 30 days of the receipt of the notice or within 45 days of the release of the public announcement in the case of failure to receive said notice, file their creditors' rights with the liquidation team. Where creditors file their creditors' rights, they shall explain about the matters related to creditors' rights, and shall provide the evidencing materials. The liquidation team shall register the creditors' rights. The liquidation team may not clear off any of the debts of any creditors during the period of filing creditors' rights.

After the liquidation team has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts, shall be distributed by the Company to the shareholders in proportion to the shares they hold. During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

Following the completion of liquidation, the liquidation team shall formulate a liquidation report, submit the same to the general meeting or the people's court for confirmation, and submit the aforementioned documents to the company registration authority to apply for company deregistration.

The members of the liquidation team shall perform their liquidation duties with loyalty and diligence. If the members of the liquidation team are negligent in performing their liquidation duties and cause losses to the Company, they shall be liable for compensation. The members of the liquidation team shall be liable for compensation in respect of any loss to the creditors caused by willful or material default; and shall be liable for compensation in respect of any loss to the Company or the creditors caused by willful or material default.

Amendments to the Articles Of Association

Under any of the following circumstances, the Company would amend the Articles of Association:

(i) upon revision of the Company Law or the relevant laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed, any item contained in the Articles of Association contradict the stipulations of the revised laws, administrative regulations and the securities regulatory rules of the place where the shares of the Company are listed;

(ii) the Company's situation has changed and is inconsistent with the items recorded in the Articles of Association;

(iii) the general meeting has decided on making amendments to the Articles of Association.

Where the amendments to the Articles of Association approved by the resolution of the general meeting shall be subject to the approval by competent authorities, such amendments shall be submitted to the competent authority for approval. Where the amendments involve matters in relation to company registration, the procedures for change in registration shall be completed.

The Board of Directors shall amend the Articles of Association pursuant to the resolution of the general meeting on the amendments to the Articles of Association and the review and approval opinion of competent authorities.

FURTHER INFORMATION ABOUT THE GROUP

Incorporation

The Company was established as a limited liability company under the laws of the PRC on April 6, 2005 and was converted into a joint stock company with limited liability on December 28, 2012.

The Company has established a place of business in Hong Kong at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on June 6, 2025, with Ms. Wong Wai Yee, Ella appointed as the Hong Kong authorised representative of the Company for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was established in the PRC, its operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and the Articles of Association is set out in "Regulatory Overview" and "Appendix III — Summary of the Articles of Association" in this prospectus, respectively.

Changes in the Share Capital of the Company

An aggregate of 534,143 A Shares which were granted but locked restricted A Shares repurchased by the Company were cancelled on July 22, 2024. The total issued share capital of the Company decreased from RMB666,906,348 comprising 666,906,348 A Shares of nominal value of RMB1.00 each to RMB666,372,205 comprising 666,372,205 A Shares of nominal value of RMB1.00 each.

An aggregate of 500,000 A Shares repurchased by the Company were cancelled on July 24, 2024. The total issued share capital of the Company decreased from RMB666,372,205 comprising 666,372,205 A Shares of nominal value of RMB1.00 each to RMB665,872,205 comprising 665,872,205 A Shares of nominal value of RMB1.00 each.

An aggregate of 1,748,100 A Shares repurchased by the Company were cancelled on November 21, 2024. The total issued share capital of the Company decreased from RMB665,872,205 comprising 665,872,205 A Shares of nominal value of RMB1.00 each to RMB664,124,105 comprising 664,124,105 A Shares of nominal value of RMB1.00 each.

An aggregate of 64,915 A Shares which were granted but locked restricted A Shares repurchased by the Company were cancelled on January 21, 2025. The total issued share capital of the Company decreased from RMB664,124,105 comprising 664,124,105 A Shares of nominal value of RMB1.00 each to RMB664,059,190 comprising 664,059,190 A Shares of nominal value of RMB1.00 each.

An aggregate of 29,214 A Shares which were granted but locked restricted A Shares repurchased by the Company were cancelled on August 7, 2025. The total issued share capital of the Company decreased from RMB664,059,190 comprising 664,059,190 A Shares of nominal value of RMB1.00 each to RMB664,029,976 comprising 664,029,976 A Shares of nominal value of RMB1.00 each.

An aggregate of 2,286,334 A Shares were issued by the Company on September 10, 2025 pursuant to the exercise of options granted under the 2023 Stock Option Incentive Plan. The total issued share capital of the Company increased from RMB664,029,976 comprising 664,029,976 A Shares of nominal value of RMB1.00 each to RMB666,316,310 comprising 666,316,310 A Shares of nominal value of RMB1.00 each.

An aggregate of 961,662 A Shares were issued by the Company on October 14, 2025 pursuant to the exercise of options granted under the 2020 Stock Option Incentive Plan. The total issued share capital of the Company increased from RMB666,316,310 comprising 666,316,310 A Shares of nominal value of RMB1.00 each to RMB667,277,972 comprising 667,277,972 A Shares of nominal value of RMB1.00 each.

An aggregate of 571,379 A Shares were issued by the Company on November 21, 2025 pursuant to the exercise of options granted under the 2021 Stock Option Incentive Plan. The total issued share capital of the Company increased from RMB667,277,972 comprising 667,277,972 A Shares of nominal value of RMB1.00 each to RMB667,849,351 comprising 667,849,351 A Shares of nominal value of RMB1.00 each.

Save as disclosed above, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

Resolutions of the Shareholders

At the extraordinary general meeting of the Shareholders held on June 10, 2025, the following resolutions, among other things, were duly passed:

(i) the issue by the Company of H Shares with a nominal value of RMB1.00 each and such H Shares be listed on the Stock Exchange;

(ii) the number of H Shares to be issued shall be no more than 10% of the total issued share capital of the Company as enlarged by the Global Offering, and the grant of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

(iii) authorization of the Board or its authorized individuals to handle all matters relating to, among other things, the Global Offering, the issue and Listing of H Shares on the Stock Exchange; and

(iv) subject to the completion of the Global Offering, the conditional adoption of the revised Articles of Association, which shall become effective on the Listing Date, and the authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules.

Subsidiaries of the Company

A summary of the corporate information and the particulars of the Company's subsidiaries are set out in Note 1 to the Accountant's Report as set out in Appendix I.

The following sets out the changes in the share capital of the Company's subsidiaries and the Company's subsidiary incorporated within the two years immediately preceding the date of this prospectus:

- On April 16, 2024, the registered capital of Xysemi decreased from RMB65,091,839 to RMB57,779,499.
- On July 11, 2024, XC Memory was established in the PRC with an initial registered capital of RMB100,000,000.
- On July 31, 2024, CreMemory Technology was established in the PRC with an initial registered capital of RMB27,000,000.
- On October 22, 2024, CreMemory Technology Singapore Pte. Ltd. was incorporated in Singapore with an initial share capital of S$200,000.
- On December 10, 2024, Zhuhai Lingchuang Management Consulting Co., Ltd. (珠海領創管理諮詢有限公司) was established in the PRC with an initial registered capital of RMB5,000,000.
- On March 19, 2025, Innolead Singapore Pte. Ltd. was incorporated in Singapore with an initial share capital of US$300,000.
- On April 22, 2025, the registered capital of XC Memory increased from RMB50,000,000 to RMB100,000,000.
- On November 27, 2025, the registered capital of GigaDevice Hefei increased from RMB39,614,178 to RMB49,614,178.

Save as disclosed above, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this prospectus.

FURTHER INFORMATION ABOUT THE BUSINESS

Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Huatai Capital Investment Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 18,450,000 and holding such H Shares on a non-discretionary basis to hedge a series of cross border OTC swap transactions entered into by Huatai Capital Investment Limited, Huatai Securities Co., Ltd. and Beijing Yuanfeng Asset Management L.L.P. (北京源峰私募基金管理合夥企業(有限合夥));

(b) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, CPE Greater China Enterprises Growth Fund, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 20,380,000;

(c) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, CPE Growth Fund #1, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 1,170,000;

(d) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Huatai Capital Investment Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 30,000,000 (inclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy) and holding such H Shares on a non-discretionary basis to hedge a series of cross border OTC swap transactions entered into by Huatai Capital Investment Limited, Huatai Securities Co., Ltd. and Shanghai Greenwoods Asset Management Co., Ltd. (上海景林資產管理有限公司);

(e) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, New Alternative Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 25,000,000;

(f) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, New Golden Future Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 25,000,000;

(g) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Dymon Asia Multi-Strategy Investment Master Fund, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 25,000,000;

(h) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, CloudAlpha Capital Management Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 20,000,000;

(i) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, 3W Fund Management Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(j) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, HUAQIN TELECOM HONG KONG LIMITED, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 30,000,000;

(k) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Metazone Link (HK) Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 20,000,000;

(l) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Sky Royal Trading Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(m) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Green Better Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(n) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, New China Asset Management (Hong Kong) Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(o) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Taikang Life Insurance Co., Ltd, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(p) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, S Harmony Investment Fund SPC (acting for and on behalf of and for the account of Summit Ridge Capital SP), S Harmony Asset Management Limited, China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(q) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, ICBC Wealth Management Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(r) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Greater Bay Area Development Fund Management Limited (for and on behalf of the managed account of Mega Prime Development Limited), China

International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 10,000,000;

(s) a cornerstone investment agreement dated December 29, 2025 entered into among the Company, Wind Sabre Fund SPC (acting on behalf of and for the account of Wind Sabre Opportunities Fund SP), China International Capital Corporation Hong Kong Securities Limited and Huatai Financial Holdings (Hong Kong) Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US dollar 5,000,000; and

(t) the Hong Kong Underwriting Agreement.

Intellectual Property

As of the Latest Practicable Date, the following intellectual property rights are material to the Group's business:

Trademarks

As of the Latest Practicable Date, the Group had registered the following trademarks which are material to its business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1. . . .	GigaDevice	9, 35, 42	The Company	The European Union	1743920	December 24, 2033
2. . . .	GigaDevice	9	The Company	The United States	6770373	June 28, 2032
3. . . .	GigaDevice	9	The Company	Taiwan	02088856	October 1, 2030
4. . . .	GigaDevice	9, 35, 42	The Company	Republic of Korea	40-1676428	December 29, 2030
5. . . .	GigaDevice	9, 35, 42	The Company	Japan	6342403	January 19, 2031
6. . . .	GigaDevice	9, 35, 42	The Company	Hong Kong	305170734	January 15, 2030
7. . . .	GigaDevice	9, 35, 42	The Company	The United Kingdom	UK00003453906	August 7, 2030
8. . . .	GigaDevice	9, 35, 42	The Company	Germany	30 2020 000 009	July 8, 2030
9. . . .	GigaDevice	9	The Company	PRC	40507870	April 6, 2030
10. . .	GigaDevice	9	The Company	PRC	13452795	January 20, 2035
11. . .	GigaDevice	9	The Company	Taiwan	01689801	February 1, 2035
12. . .	gigadevice	9	The Company	PRC	8720220	October 13, 2031

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
13. . .		9	The Company	PRC	71052704	March 6, 2035
14. . .		9	The Company	PRC	62873480	May 13, 2033
15. . .		9	The Company	The United States	7012829	March 28, 2033
16. . .		9	The Company	Taiwan	02088854	October 1, 2030
17. . .		9, 35, 42	The Company	Republic of Korea	40-1699638	March 4, 2031
18. . .		9, 35, 42	The Company	Japan	6342405	January 19, 2031
19. . .		9, 35, 42	The Company	Hong Kong	305170743	January 15, 2030
20. . .		9, 35, 42	The Company	The United Kingdom	UK00003453909	August 7, 2030
21. . .		9, 35, 42	The Company	Germany	30 2020 000 010	July 6, 2030
22. . .		9	The Company	PRC	40510934	September 13, 2031
23. . .		9, 35, 42	The Company	Singapore	40202255438Y	September 28, 2032

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
24. . .		9, 35, 42	The Company	The European Union	018769962	September 29, 2032
25. . .		9	The Company	The United States	7012828	March 28, 2033
26. . .		9	The Company	Taiwan	02088855	October 1, 2030
27. . .		9, 35, 42	The Company	Republic of Korea	40-1699637	March 4, 2031
28. . .		9, 35, 42	The Company	Japan	6342404	January 19, 2031
29. . .		9, 35, 42	The Company	Hong Kong	305170725	January 15, 2030
30. . .		9, 35, 42	The Company	The United Kingdom	UK00003460178	August 7, 2030
31. . .		9, 35, 42	The Company	Germany	30 2020 000 008	July 8, 2030
32. . .		9	The Company	PRC	40520244	September 13, 2031
33. . .	兆易	9, 42	The Company	Hong Kong	306070842	September 27, 2032
34. . .	兆易	9, 42	The Company	Singapore	1730568	February 19, 2033
35. . .	兆易	9, 42	The Company	Japan	1730568	February 19, 2033

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
36. . .	兆易	9, 42	The Company	The United Kingdom	1730568	February 20, 2033
37. . .	兆易	9, 42	The Company	The European Union	1730568	February 20, 2033
38. . .	兆易	9	The Company	PRC	9682514	August 27, 2032
39. . .	兆易	9	The Company	Taiwan	01639781	April 30, 2034
40. . .	兆易创新	9	The Company	PRC	40515478	April 6, 2030
41. . .	兆易创新	9	The Company	PRC	9682626	August 27, 2032
42. . .	兆易創新	9	The Company	Taiwan	01639782	April 30, 2034

Domain Name

As of the Latest Practicable Date, the Group had registered the following domain name which is material to its business:

No.	Domain Name	Registered Owner	Expiry Date
1. . .	www.gigadevice.com	The Company	March 15, 2028

Patents

As of the Latest Practicable Date, the Group had registered the following patents which are material to its business:

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
1. . . .	A controllable integrated circuit test system and method based on programmable devices (一種基於可編程器件的可控集成電路測試系統及方法)	Invention	The Company	PRC	CN200710062951.1	January 23, 2007	January 23, 2027
2. . . .	Apparatus and method for single-port memory to achieve multi-port storage function (單端口存儲器實現多端口存儲功能的裝置和方法)	Invention	The Company	PRC	CN200710063455.8	February 1, 2007	February 1, 2027

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
3. . . .	A memory irradiation test method and a device for implementing the method (一種存儲器輻照測試方法以及實現該方法的裝置)	Invention	The Company	PRC	CN200710064298.2	March 9, 2007	March 9, 2027
4. . . .	A memory error detection and correction coding circuit and a method of reading and writing data using it (一種存儲器檢錯糾錯編碼電路及利用其讀寫數據的方法)	Invention	The Company	PRC	CN200710098602.5	April 23, 2007	April 23, 2027
5. . . .	A semiconductor memory device and its manufacturing method (一種半導體存儲器件及其製造方法)	Invention	The Company	PRC	CN200710100298.3	June 7, 2007	June 7, 2027
6. . . .	A programmable non-volatile memory cell structure and its manufacturing method (一種可編程非易失性存儲單元結構及其製造方法)	Invention	The Company	PRC	CN200710177121.3	November 9, 2007	November 9, 2027
7. . . .	An oscillator and its design method (一種振蕩器及其設計方法)	Invention	The Company	PRC	CN200710178885.4	December 6, 2007	December 6, 2027
8. . . .	Disposable programmable non-volatile memory cell, array and their manufacturing method (一次性可編程非易失性存儲器單元、陣列及其製造方法)	Invention	The Company	PRC	CN200710179341.X	December 12, 2007	December 12, 2027

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
9. . . .	A programmable non-volatile memory cell, array and their manufacturing method (一種可編程非易失性存儲器單元、陣列及其製造方法)	Invention	The Company	PRC	CN200710196807.7	December 5, 2007	December 5, 2027
10. . .	Multi-bit programmable non-volatile memory cell, array and their manufacturing method (多比特可編程非易失性存儲器單元、陣列及其製造方法)	Invention	The Company	PRC	CN200710308407.0	December 29, 2007	December 29, 2027
11. . .	A binary domain multiplier (一種二元域乘法器)	Invention	The Company	PRC	CN200810055758.X	January 8, 2008	January 8, 2028
12. . .	An oscillator (一種振蕩器)	Invention	The Company	PRC	CN200810057906.1	February 20, 2008	February 20, 2028
13. . .	A serial interface flash memory and its design method (一種串行接口快閃存儲器及其設計方法)	Invention	The Company	PRC	CN200810100925.8	February 26, 2008	February 26, 2028
14. . .	A sensitive amplifier for random memories (一種適用於隨機存儲器的靈敏放大器)	Invention	The Company	PRC	CN200810104028.4	April 14, 2008	April 14, 2028
15. . .	A random memory and its power supply method (一種隨機存儲器及其供電方法)	Invention	The Company	PRC	CN200810118470.2	August 25, 2008	August 25, 2028
16. . .	A non-volatile memory and its data protection method (一種非易失性存儲器及其數據保護方法)	Invention	The Company	PRC	CN200810118471.7	August 25, 2008	August 25, 2028
17. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200810239925.6	December 15, 2008	December 15, 2028

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
18. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200810239926.0	December 15, 2008	December 15, 2028
19. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200810239927.5	December 15, 2008	December 15, 2028
20. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200810240174.X	December 18, 2008	December 18, 2028
21. . .	Adjustable-frequency oscillator capable of preventing the frequency from oscillating in the vicinity of the reference electrical signal (能夠防止頻率在基準電信號附近振蕩的可調頻率振蕩器)	Invention	The Company	PRC	CN200810241012.8	December 24, 2008	December 24, 2028
22. . .	System and method for ensuring secure reading of data stored in a memory (保證存儲器存儲的數據安全讀取的系統及方法)	Invention	The Company	PRC	CN200910081928.6	April 8, 2009	April 8, 2029
23. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200910086520.8	June 4, 2009	June 4, 2029

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
24. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200910086521.2	June 4, 2009	June 4, 2029
25. . .	Disposable programmable memory, its method of manufacturing and program reading (一次性可編程存儲器、製造及編程讀取方法)	Invention	The Company	PRC	CN200910086522.7	June 4, 2009	June 4, 2029
26. . .	Pseudo-static memory and its control method for write and refresh operations (偽靜態存儲器及其寫操作與刷新操作的控制方法)	Invention	The Company	PRC	CN200910093836.X	September 23, 2009	September 23, 2029
27. . .	Pseudo-static memory and its control method for write and refresh operations (偽靜態存儲器及其寫操作與刷新操作的控制方法)	Invention	The Company	PRC	CN200910093837.4	September 23, 2009	September 23, 2029
28. . .	A non-volatile memory and its design method (一種非易失性存儲器及其設計方法)	Invention	The Company	PRC	CN201010105324.3	May 30, 2007	May 30, 2027
29. . .	A chip test method and device (一種芯片測試方法和裝置)	Invention	The Company	PRC	CN201310320070.0	July 26, 2013	July 26, 2033
30. . .	A method and device for signal management of a digital-analogue hybrid chip (一種數模混合芯片的信號管理方法和裝置)	Invention	The Company	PRC	CN201310320077.2	July 26, 2013	July 26, 2033
31. . .	A method of repairing a non-volatile memory (一種非易失性存儲器的修復方法)	Invention	The Company	PRC	CN201310616204.3	November 27, 2013	November 27, 2033

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
32. . .	A sensitive amplifier and flash memory storage device (一種靈敏放大器和閃存存儲裝置)	Invention	The Company	PRC	CN201410197238.8	May 12, 2014	May 12, 2034
33. . .	A pre-charging system for a memory median line and a judgement method of pre-charging (一種存儲器中位線的預充電系統及預充電的判斷方法)	Invention	The Company	PRC	CN201410198056.2	May 12, 2014	May 12, 2034
34. . .	A dynamic pre-charging control circuit and flash memory storage system (一種動態預充控制電路和閃存存儲系統)	Invention	The Company	PRC	CN201410199017.4	May 12, 2014	May 12, 2034
35. . .	A method to simulate user data storage in NandFlash (一種NandFlash中模擬用戶數據存儲的方法)	Invention	The Company	PRC	CN201510496655.7	August 13, 2015	August 13, 2035
36. . .	An analogue test development platform for embedded memory (一種內嵌式存儲器的模擬測試開發平台)	Invention	The Company	PRC	CN201510496664.6	August 13, 2015	August 13, 2035
37. . .	A voltage conversion circuit (一種電壓轉換電路)	Invention	The Company	PRC	CN201510523098.3	August 24, 2015	August 24, 2035
38. . .	A voltage conversion circuit (一種電壓轉換電路)	Invention	The Company	PRC	CN201510523953.0	August 24, 2015	August 24, 2035
39. . .	Fingerprint sensing device (指紋感測設備)	Invention	Silead	PRC	CN201610304310.1	May 10, 2016	May 10, 2036
40. . .	A data reading device and method for non-volatile memory (一種非易失性存儲器的數據讀取裝置及方法)	Invention	The Company	PRC	CN201610574374.3	July 19, 2016	July 19, 2036
41. . .	A driver circuit and charge pump circuit (一種驅動電路和電荷泵電路)	Invention	The Company and GigaDevice Hefei	PRC	CN201610877896.0	September 30, 2016	September 30, 2036

No	Patent Name	Type	Patent Holder	Jurisdiction of Registration	Patent Number	Date of Application	Expiry Date
42. . .	An EMMC test method and device (一種EMMC測試方法及裝置)	Invention	GigaDevice Xi'an and the Company	PRC	CN201611159207.9	December 15, 2016	December 15, 2036
43. . .	An eMMC test method and device (一種eMMC測試方法及裝置)	Invention	The Company	PRC	CN201611160426.9	December 15, 2016	December 15, 2036
44. . .	A charge pump circuit (一種電荷泵電路)	Invention	The Company and GigaDevice Hefei	PRC	CN201611184799.X	December 20, 2016	December 20, 2036
45. . .	A Nand flash element and its operation control method and device (一種Nand flash元件及其運行控制方法和裝置)	Invention	The Company	PRC	CN201711449641.5	December 27, 2017	December 27, 2037
46. . .	A Nand flash element and its low frame control method and device (一種Nand flash元件及其低格控制方法和裝置)	Invention	GigaDevice Xi'an and the Company	PRC	CN201711449645.3	December 27, 2017	December 27, 2037
47. . .	A charging acceleration unit, charging circuit and non-volatile memory (一種充電加速單元、充電電路及非易失存儲器)	Invention	The Company and GigaDevice Hefei	PRC	CN201811521172.8	December 12, 2018	December 12, 2038
48. . .	Biometric identification module, preparation method and electronic device (生物特徵識別模組、製備方法及電子設備)	Invention	Silead	PRC	CN201910411708.9	May 17, 2019	May 17, 2039
49. . .	Charge pump circuit, non-volatile memory (電荷泵電路、非易失性存儲器)	Invention	The Company	PRC	CN202110031981.6	January 11, 2021	January 11, 2041

DISCLOSURE OF INTERESTS

Disclosure of Interests of Directors and Chief Executive of the Company

Immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares, underlying shares or debentures of any of the associated corporations of the Company (within the meaning of Part XV of the SFO) which (1) will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (2) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (3) 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 the Company and the Stock Exchange, in each case once the H Shares are listed on the Stock Exchange, will be as follows:

(i) Interests in the Company

Name of Director or chief executive	Nature of interest	Number and description of Shares or underlying Shares held	Shareholding in A Shares upon completion of the Global Offering(1)	Shareholding in total issued share capital upon completion of the Global Offering(1)
Mr. Zhu Yiming(2)	Beneficial owner Interest held jointly with other persons	58,811,513 A Shares	8.81%	8.44%
Mr. He Wei(3)	Beneficial owner	344,727 A Shares	0.05%	0.05%
Mr. Hu Hong(4)	Beneficial owner	1,568,725 A Shares	0.23%	0.23%

Notes:

(1) The calculation is based on the total number of 696,765,151 Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans).

(2) InfoGrid Limited has issued the Acting-in-Concert Undertaking. By virtue of the SFO, Mr. Zhu Yiming and InfoGrid Limited are deemed to be interested in the Shares held by each other.

(3) As of the Latest Practicable Date, Mr. He Wei was interested in (i) 255,207 A Shares held by him; and (ii) 89,520 options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 89,520 A Shares subject to vesting.

(4) As of the Latest Practicable Date, Mr. Hu Hong was interested in (i) 425,845 A Shares held by him; and (ii) 1,142,880 options granted to him under the 2024 Stock Option Incentive Plan entitling him to receive 1,142,880 A Shares subject to vesting.

(ii) Interests in the associated corporations of the Company

Name of Director or chief executive	Name of associated corporation	Nature of interest	Shareholding
Mr. Hu Hong[(1)]	CreMemory Technology	Interest in controlled corporations	22.22%

Note:

(1) Please see "History and Corporate Structure — Corporate Structure" for details of the shareholding structure of CreMemory Technology as of the Latest Practicable Date.

Save as disclosed above, so far as the Directors are aware, immediately following the completion of the Global Offering, no Directors or the chief executive will, directly or indirectly, be interested in the Shares, underlying Shares and debentures of the Company or the shares, underlying shares or debentures of any of the associated corporations of the Company.

Disclosure of Interests of Substantial Shareholders

(i) Interests in the Company

Save as disclosed in "Substantial Shareholders" in this prospectus and "— Disclosure of Interests of Directors and Chief Executive of the Company — (i) Interests in the Company" in this section, the Directors are not aware of any person who will have an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Interests in other members of the Group

The following table sets out, so far as the Directors are aware, persons who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of the Group:

Member of the Group	Name of substantial shareholder	Approximate percentage of the issued voting shares held by the substantial shareholder
Xysemi	Hefei Guojing[(1)]	18.07%
	Jian Tan (譚健)	14.32%
	Yanting Yang (楊燕婷)	12.13%
	Stony Creek Capital[(1)]	12.05%

Note:

(1) As of the Latest Practicable Date, Xysemi was held as to, among others, 38.07% by the Company, 18.07% by Hefei Guojing, 12.05% by Stony Creek Capital and 1.81% by Hefei Guozheng. Pursuant to the Stony Creek Capital Undertaking, Stony Creek Capital has undertaken to entrust all of its shareholder's rights in Xysemi to the Company, including the voting rights and nomination and proposal rights but other than the income rights and disposal rights. Pursuant to the Xysemi Acting-in-Concert Agreement and the relevant arrangements, Hefei Guojing and Hefei Guozheng have agreed to act in concert with the Company when making proposals to or voting at the general meetings of Xysemi on matters in relation to Xysemi. See "History and Corporate Structure — Acquisition, Merger and Disposal" for details.

Save as disclosed above and in "— Disclosure of Interests of Directors and Chief Executive of the Company — (ii) Interests in the associated corporations of the Company" in this section, the Directors are not aware of any person who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of the Group.

FURTHER INFORMATION ABOUT THE DIRECTORS

Particulars of the Service Contracts

Each of the Directors has entered into a service contract with the Company. The principal particulars of these service contracts comprise (a) the term of the service; (b) termination provisions; and (c) dispute resolution provision. The service contracts may be renewed in accordance with the 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 entered into any service contract with any member of the Group (excluding contracts expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

Remuneration of Directors

For details of the remuneration of Directors, see "Directors and Senior Management — Remuneration" and Note 8 in "Appendix I — Accountants' Report."

Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission in connection with the Underwriting Agreements, as detailed in "Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses." Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors, promoters and experts referred to in "— Other Information — Qualifications and Consents of Experts" below) in connection with the issue or sale of any capital or security of the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

Within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of the Company.

Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

Disclaimers

(a) None of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in "— Other Information — Qualifications and Consents of Experts" below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

(c) Save as disclosed in this prospectus, none of the Directors is interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

(d) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

SHARE INCENTIVE PLANS

The following is a summary of the principal terms of the Share Incentive Plans comprising the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan, the 2021 Restrict Share Incentive Plan, the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan. The Share Incentive Plans do not involve any grant of options or restricted Shares by the Company after Listing. Accordingly, the terms of the Share Incentive Plans are not subject to the provisions of Chapter 17 of the Listing Rules. Save as otherwise disclosed, the terms of each of the Share Incentive Plans are substantially similar and are summarized below.

(a) Purpose

The purpose of the Share Incentive Plans is to improve the Company's incentive mechanism, to attract and retain talents and to mobilise the enthusiasm of the Company's Directors (where applicable), senior management (where applicable), management and core and backbone personnel, so as to achieve a mutual focus on the long-term development of the Company. The Share Incentive Plans are implemented to align the interests of the Shareholders with the interests of the Company and the individuals of its core teams.

(b) Administration

The Share Incentive Plans are subject to the approval of the Shareholders' meeting, the administration of the Board and the supervision of the board of supervisors (where applicable) and independent Directors of the Company.

(c) Participants

The participants of the 2021 Restricted Share Incentive Plan include the senior management, management and core and backbone personnel of the Company. The participants of the 2020 Stock Option Incentive Plan, the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan include the management and core and backbone personnel of the Company. The participants of the 2024 Stock Option Incentive Plan include the Directors, senior management, management and core and backbone personnel of the Company.

The scope of participants of the Share Incentive Plans excludes the independent Directors, supervisors, Shareholders or actual controllers who individually or collectively hold more than 5% of the Shares and their spouse, parents and children.

(d) Source and Maximum Number of Options and Restricted Shares

The underlying Shares of the Share Incentive Plans are the A Shares issued by the Company. The underlying Shares of the 2024 Stock Option Incentive Plan might also include the A Shares repurchased by the Company from secondary market.

Each option granted represents the right to purchase one A Share within the exercise period at the exercise price. The options are subject to a vesting period and will only be vested upon fulfilling the vesting conditions stipulated. Each restricted Share granted represents the right to receive one A Share at the grant price. The restricted Shares are subject to a lock-up period and will only be unlocked upon fulfilling the unlocking conditions stipulated.

The maximum number of options or restricted Shares that can be granted under each of the Share Incentive Plans is as follows:

Share Incentive Plan	Maximum number of options/restricted Shares to be granted
2020 Stock Option Incentive Plan	3,408,600
2021 Stock Option Incentive Plan	3,463,100
2021 Restricted Share Incentive Plan	2,202,600
2023 Stock Option Incentive Plan	10,813,400
2024 Stock Option Incentive Plan	6,781,400

(e) Date of Grant and Term of the Share Incentive Plans

The date on which the options and restricted Shares are granted shall be determined by the Board after the approval of the Share Incentive Plans by the Shareholders. The initial grant of options and restricted Shares shall be announced within 60 days after the approval of such plan by the Shareholders.

The Stock Option Incentive Plans shall be effective from the date of the completion of registration of relevant options granted under the relevant Stock Option Incentive Plans up to the date when all of the options granted under the relevant Stock Option Incentive Plans have been vested or deregistered, provided that the term of the relevant Stock Option Incentive Plans (other than 2020 Stock Option Incentive Plan) shall not exceed 60 months, and the terms of the 2020 Stock Option Incentive Plan shall not exceed 61 months.

The 2021 Restricted Share Incentive Plan shall be effective from the date of the completion of registration of relevant restricted Shares granted under the 2021 Restricted Share Incentive Plan up to the date when all of the restricted Shares granted under the 2021 Restricted Share Incentive Plan have been unlocked or repurchased and deregistered, provided that its term shall not exceed 60 months.

(f) Lock-up for Directors and Senior Management

If the grantee is a Director or a member of senior management of the Company,

(i) during their employment with the Company, the Shares to be transferred in each year shall not exceed 25% of the total Shares he or she holds;

(ii) no Share held by such Director or senior management can be transferred within six months after termination of his or her employment with the Company;

(iii) income gained through sale of the Shares within six months after his or her purchase of the Shares or purchase of the Shares within six months after his or her sale of the Shares shall belong to the Company and will be forfeited by the Board; and

(iv) if there is any change in the applicable laws and regulations on the foregoing lock-up requirements, the grantee shall comply with the amended laws and regulations.

(g) Conditions to the Grant of Options and Restricted Shares

The options and restricted Shares under the Share Incentive Plans will only be granted to selected participants if the following conditions are fulfilled:

(i) with respect to the Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the reporting accountants with respect to the 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 accountants with respect to the internal control of the financial report for the most recent fiscal year;

(3) the Company has not distributed dividends in accordance with the laws and regulations, the Articles of Association or the Company's public commitment within the last 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of share incentive; or

(5) other circumstances determined by the CSRC; and

(ii) 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 and its local office within the last 12 months;

(3) the grantee has received administrative penalty or been prohibited from entering into the securities market by the CSRC and its local office due to material non-compliance with applicable laws and regulations 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 share incentive of listed companies according to applicable laws and regulations; or

(6) other circumstances determined by the CSRC.

(h) Vesting of Options

The options will only be vested when the conditions set out under paragraph (g) above are fulfilled and the annual assessment and performance targets as set out under the respective relevant Stock Option Incentive Plans are achieved.

The options will be vested in accordance with the vesting schedule as set out under the relevant Stock Option Incentive Plans as follows:

(i) under the 2020 Stock Option Incentive Plan, vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 13 months from the date of registration and the last trading day up to 25 months from the date of registration, (ii) the first trading date after 25 months from the date of registration and the last trading day up to 37 months from the date of registration, (iii) the first trading date after 37 months from the date of registration and the last trading day up to 49 months from the date of registration, and (iv) the first trading date after 49 months from the date of registration and the last trading day up to 61 months from the date of registration, respectively;

(ii) under the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan, vested in tranches of 25% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively; and

(iii) under the 2024 Stock Option Incentive Plan, vested in tranches of 20%, 20%, 30% and 30% in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.

The number of options granted and/or vested and/or the vesting prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. The Company may deregister the granted but unvested options upon occurrence of certain events as set out in the relevant Stock Option Incentive Plans, including but not limited to the termination of employment of the grantees with the Company.

(i) Unlocking of Restricted Shares

The restricted Shares will only be unlocked when the conditions set out under paragraph (g) above are fulfilled and the annual assessment and performance targets as set out under the 2021 Restricted Share Incentive Plan are achieved.

Under the 2021 Restricted Share Incentive Plan, the restricted Shares will be unlocked in tranches of 25% in each of the four unlocking periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively.

The number of restricted Shares granted and/or unlocked and/or the grant prices shall be adjusted upon the occurrence of certain events, including increase in the share capital by way of capitalization of capital reserves, distribution of dividends, subdivision of shares, placing and share reduction. The Company may repurchase and deregister the granted and locked restricted Shares upon occurrence of certain events as set out in the 2021 Restricted Share Incentive Plan, including but not limited to the termination of employment of the grantees with the Company.

(j) Outstanding Options

As of the Latest Practicable Date, the number of A Shares underlying the outstanding options granted under the Stock Option Incentive Plans as resolved by the Board was 10,337,809, representing approximately 1.48% of the total issued Shares immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans). Assuming full vesting of all outstanding options granted under the Stock Option Incentive Plans, the shareholding of the Shareholders and the earning per Share immediately following completion of the Global Offering will be diluted by approximately 1.46% (assuming (i) the underlying A Shares of all outstanding options are A Shares issued by the Company, instead of repurchased from secondary market and (ii) the Offer Size Adjustment Option and the Over-allotment Option are not exercised). All outstanding options were granted at nil consideration. The following table sets forth details of outstanding options granted to the Directors, senior management, other connected persons and other employees of the Company under the Stock Option Incentive Plans as of the Latest Practicable Date:

Name	Position in the Group	Address	Stock Option Incentive Plan	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[1]
Directors and senior management								
Mr. He Wei .	Executive Director, deputy chairman of the Board and general manager	Room 1201, Building 1, 2 Siyingmen North Road, Fengtai District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	89,520	0.01%

Name	Position in the Group	Address	Stock Option Incentive Plan	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[(1)]
Mr. Hu Hong	Executive Director and deputy general manager	1104, West Unit, Building 16, 16 Zhixin Beili, Haidian District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	1,142,880	0.16%
Ms. Sun Guijing	Deputy general manager and chief financial officer	2003, 20/F, Building 16, Fulaiyin Garden 76 Shazikou Road, Dongcheng District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	268,560	0.04%
Mr. Li Baokui	Deputy general manager	401, Unit 5, Building 12, Huilongguan Xinlongcheng, Changping District, Beijing, PRC	2020 Stock Option Incentive Plan	February 23, 2021	Note 3	RMB141.73[(5)]	19,600	0.003%
			2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	375,040	0.05%
Other connected persons								
Ms. Li Hong (李紅)	Director of Silead	Room 202, No. 40, 39 Xiangnan Road, Zhangjiang Town, Pudong New District, Shanghai, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	375,040	0.05%
Ms. Li Xiaoyan (李曉燕)	Supervisor of GigaDevice Hefei, Silead and GigaDevice Shanghai	Room 1402, Unit 1, Building 39, Phase III, Zhonghai Runze Garden, Runzhou District, Zhenjiang, Jiangsu Province, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	268,560	0.04%

Name	Position in the Group	Address	Stock Option Incentive Plan	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[1]
Other grantees who have been granted options to subscribe for an aggregate number of 89,520 or more A Shares								
Li Desheng (李德勝) . .	Department head	601, Unit 6, Building 26, Yuanyang Shanshui South Block, Shijingshan District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	375,040	0.05%
Su Ruwei (蘇如偉) . .	Department head	202, Unit 1, 19 Yongding Road, Haidian District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	343,120	0.05%
Jun Zhi. . . .	Department head	Room 506, No. 51, Tangchen Haoyuan Phase II, 825 Chenhui Road, Zhangjiang Town, Pudong New Area, Shanghai, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	322,240	0.05%
Chen Yongbo (陳永波) . .	Department head	A201, Xianghui Yayuan, Xiangmi Lake, Futian District, Shenzhen, Guandong Province, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	322,240	0.05%
Han Fei (韓飛) . . .	Department head	1410, Building 8, Niujie Xierli, Xicheng District, Beijing, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	322,240	0.05%
Yang Xinmin (楊新民) . .	Department head	1702, Building 25, Renheng Haihe Yunting, 588 Gangtian Road, Suzhou Industrial Park, Jiangsu Province, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[4]	322,240	0.05%

Name	Position in the Group	Address	Stock Option Incentive Plan	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[(1)]
Yu Dali (俞大立) . .	Department head	No. 43, 168 Qingtong Road, Pudong New Area, Shanghai, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	149,200	0.02%
Ma Sibo (馬思博) . .	Department senior director	1-3-1701, Fenglin Yishu, Keji Sixth Road, Gaoxin District, Xi'an, Shaanxi Province, PRC	2021 Stock Option Incentive Plan	September 1, 2021	Note 6	RMB185.94[(7)]	14,500	0.002%
			2023 Stock Option Incentive Plan	August 21, 2023	Note 6	RMB86.13[(4)]	34,950	0.01%
			2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	86,880	0.01%
Walid Mekhael Abou-Haidar . . .	Overseas sales personnel	1228 Chamberlin Court, Campbell, CA 95008, U.S.	2023 Stock Option Incentive Plan	August 21, 2023	Note 6	RMB86.13[(4)]	99,750	0.01%
Chen Youjia (陳友稼) . .	Senior expert	49-202, 18 Qingtong Road, Pudong New Area, Shanghai, PRC	2024 Stock Option Incentive Plan	June 3, 2024	Note 2	RMB58.84[(4)]	89,520	0.01%

Notes:

(1) The calculation is based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans.

(2) 20%, 20%, 30% and 30% options are vested in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively, under the 2024 Stock Option Incentive Plan.

(3) 25% options are vested in each of the four vesting periods that occur between the first trading date after (i)13 months from the date of registration and the last trading day up to 25 months from the date of registration, (ii) the first trading date after 25 months from the date of registration and the last trading day up to 37 months from the date of registration, (iii) the first trading date after 37 months from the date of registration and the last trading day up to 49 months from the date of registration, and (iv) the first trading date after 49 months from the date of registration and the last trading day up to 61 months from the date of registration, respectively, under the 2020 Stock Option Incentive Plan.

(4) The exercise price under the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan has taken into account the adjustment due to the Company's distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

(5) The exercise price under the 2020 Stock Option Incentive Plan has taken into account the adjustment due to the Company's dividends distributions, including (i) the distribution of cash dividends of RMB5.6 (tax inclusive) per 10 Shares and distribution of stock dividends of four Shares per 10 Shares to the Company's then existing Shareholders on May 21, 2021; (ii) the distribution of cash dividends of RMB10.6 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 2, 2022; (iii) the distribution of cash dividends of RMB6.2 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 20, 2023; and (iv) the distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

(6) 25% options are vested in each of the four vesting periods that occur between the first trading date after (i) 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively, under the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan.

(7) The exercise price under the 2021 Stock Option Incentive Plan has taken into account the adjustment due to the Company's dividends distributions, including (i) the distribution of cash dividends of RMB10.6 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 2, 2022; (ii) the distribution of cash dividends of RMB6.2 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 20, 2023; and (iii) the distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

The table below sets forth the details of outstanding options granted to other grantees under the Stock Option Incentive Plans as of the Latest Practicable Date:

Range of A Shares underlying the outstanding options	Stock Option Incentive Plan	Number of grantees[8]	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[1]
1 to 5,000	2020 Stock Option Incentive Plan	8	February 23, 2021	Note 2	RMB141.73[5]	12,234	0.002%
	2021 Stock Option Incentive Plan	14	September 1, 2021	Note 3	RMB185.94[6]	25,810	0.004%
	2023 Stock Option Incentive Plan	616	August 21, 2023	Note 3	RMB86.13[7]	1,812,564	0.26%
	2024 Stock Option Incentive Plan	6	June 3, 2024	Note 4	RMB58.84[7]	24,320	0.003%
5,001 to 10,000 . . .	2020 Stock Option Incentive Plan	1	February 23, 2021	Note 2	RMB141.73[5]	5,600	0.001%
	2023 Stock Option Incentive Plan	227	August 21, 2023	Note 3	RMB86.13[7]	1,565,433	0.22%
	2024 Stock Option Incentive Plan	4	June 3, 2024	Note 4	RMB58.84[7]	30,080	0.004%
10,001 to 20,000 . .	2021 Stock Option Incentive Plan	1	September 1, 2021	Note 3	RMB185.94[6]	10,500	0.002%

Range of A Shares underlying the outstanding options	Stock Option Incentive Plan	Number of grantees[8]	Date of registration	Exercise/ Vesting period	Exercise price (per Share)	Number of A Shares underlying the outstanding options	As an approximate percentage of total issued share capital upon completion of the Global Offering[1]
	2023 Stock Option Incentive Plan	63	August 21, 2023	Note 3	RMB86.13[7]	851,800	0.12%
	2024 Stock Option Incentive Plan	9	June 3, 2024	Note 4	RMB58.84[7]	124,960	0.02%
20,001 to 30,000 . .	2023 Stock Option Incentive Plan	14	August 21, 2023	Note 3	RMB86.13[7]	358,000	0.05%
	2024 Stock Option Incentive Plan	2	June 3, 2024	Note 4	RMB58.84[7]	52,000	0.007%
30,001 to 89,519 . .	2023 Stock Option Incentive Plan	9	August 21, 2023	Note 3	RMB86.13[7]	321,148	0.05%
	2024 Stock Option Incentive Plan	3	June 3, 2024	Note 4	RMB58.84[7]	122,240	0.02%

Notes:

(1) The calculation is based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans.

(2) 25% options are vested in each of the four vesting periods that occur between (i) the first trading date after 13 months from the date of registration and the last trading day up to 25 months from the date of registration, (ii) the first trading date after 25 months from the date of registration and the last trading day up to 37 months from the date of registration, (iii) the first trading date after 37 months from the date of registration and the last trading day up to 49 months from the date of registration, and (iv) the first trading date after 49 months from the date of registration and the last trading day up to 61 months from the date of registration, respectively, under the 2020 Stock Option Incentive Plan.

(3) 25% options are vested in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively, under the 2021 Stock Option Incentive Plan and the 2023 Stock Option Incentive Plan.

(4) 20%, 20%, 30% and 30% options are vested in each of the four vesting periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively, under the 2024 Stock Option Incentive Plan.

(5) The exercise price under the 2020 Stock Option Incentive Plan has taken into account the adjustment due to the Company's dividends distributions, including (i) the distribution of cash dividends of RMB5.6 (tax inclusive) per 10 Shares and distribution of stock dividends of four Shares per 10 Shares to the Company's then existing Shareholders on May 21, 2021; (ii) the distribution of cash dividends of RMB10.6 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 2, 2022;

(iii) the distribution of cash dividends of RMB6.2 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 20, 2023; and (iv) the distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

(6) The exercise price under the 2021 Stock Option Incentive Plan has taken into account the adjustment due to the Company's dividends distributions, including (i) the distribution of cash dividends of RMB10.6 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 2, 2022; (ii) the distribution of cash dividends of RMB6.2 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on June 20, 2023; and (iii) the distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

(7) The exercise prices under the 2023 Stock Option Incentive Plan and the 2024 Stock Option Incentive Plan have taken into account the adjustment due to the Company's distribution of cash dividends of RMB3.4 (tax inclusive) per 10 Shares to the Company's then existing Shareholders on July 3, 2025.

(8) Certain grantees may have been granted options under more than one of the Stock Option Incentive Plans. Accordingly, the aggregate number of grantees set forth in this table exceeds the number of employees of the Group who have been granted options to subscribe for an aggregate of less than 89,520 A Shares under the Stock Option Incentive Plans.

(k) Outstanding Restricted Shares

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2021 Restricted Share Incentive Plan as resolved by the Board was 4,565, representing approximately 0.001% of the total issued Shares immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans). As of the Latest Practicable Date, none of the grantees under the 2021 Restricted Share Incentive Plan is a Director, member of senior management or connected person of the Company. The table below sets forth the details of outstanding restricted Shares granted under the 2021 Restricted Share Incentive Plan as of the Latest Practicable Date:

Restricted Share Incentive Plan	Number of grantees	Date of registration	Unlocking period	Grant price (per Share)	Number of outstanding restricted Shares	As an approximate percentage of total issued share capital upon completion of the Global Offering[(1)]
2021 Restricted Share Incentive Plan. . . .	6	September 8, 2021	Note 2	RMB93.98	4,565	0.001%

Notes:

(1) The calculation is based on the assumption that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and no additional Shares are issued pursuant to the Share Incentive Plans.

(2) 25% restricted Shares are unlocked in each of the four unlocking periods that occur between (i) the first trading date after 12 months from the date of registration and the last trading day up to 24 months from the date of registration, (ii) the first trading date after 24 months from the date of registration and the last trading day up to 36 months from the date of registration, (iii) the first trading date after 36 months from the date of registration and the last trading day up to 48 months from the date of registration, and (iv) the first trading date after 48 months from the date of registration and the last trading day up to 60 months from the date of registration, respectively, under the 2021 Restricted Share Incentive Plan.

OTHER INFORMATION

Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group.

Litigation

As of the Latest Practicable Date, the Company was not engaged in any outstanding litigation or arbitration which may have material adverse effect on the Global Offering and, so far as the Directors are aware, no material litigation or claim was pending or threatened by or against the Company.

Joint Sponsors

China International Capital Corporation Hong Kong Securities Limited ("**CICC**"), one of the Joint Sponsors, does not consider itself to be independent from the Company according to Rule 3A.07(3) of the Listing Rules, since CICC Capital Operation Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**"), a subsidiary of the holding company of CICC, thus being the member of the sponsor group, is the general partner of CICC Qizhao Ruihong (Xiamen) Equity Investment Fund Partnership (Limited Partnership) (中金啟兆睿泓(廈門)股權投資基金合夥企業(有限合夥)) ("**CICC Qizhao**"), which has been consolidated into the account of the Company. In its capacity as the general partner of CICC Qizhao, CICC Capital is responsible for operation and management of CICC Qizhao, and is able to exert substantially all the voting power in CICC Qizhao, and thus constitutes a substantial shareholder (as defined under the Listing Rules) of CICC Qizhao. Therefore, CICC Capital is a core connected person (as defined under the Listing Rules) of the Company.

Huatai Financial Holdings (Hong Kong) Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

Each of the Joint Sponsors will receive a fee of US$100,000 for acting as the sponsor for the Listing.

Preliminary Expenses

The Company has not incurred any material preliminary expenses.

Promoters

The promoters of the Company are Mr. Zhu Yiming, Insight Power Investments Limited (訊安投資有限公司), InfoGrid Limited, Tus Zhonghai Venture Capital Co., Ltd. (啟迪中海創業投資有限公司), TeraHertz Limited (香港泰若慧有限公司), Infotech Venture Capital Co., Ltd. (盈富泰克創業投資有限公司), Shenzhen Zhonghe Chunsheng No. 1 Equity Investment

Fund Partnership (Limited Partnership) (深圳市中和春生壹號股權投資基金合夥企業(有限合夥)), Beijing Yourong Hengtong Investment Management Center (Limited Partnership) (北京友容恆通投資管理中心(有限合夥)), Beijing Tus Venture Incubator Co., Ltd. (北京啟迪創業孵化器有限公司), IPV Capital II HK Limited (IPV資本有限公司), Tianjin Tengxin Venture Capital Partnership (Limited Partnership) (天津騰信創業投資合夥企業(有限合夥)), Alpha Achieve Limited, Beijing Zhonghai Venture Capital Co., Ltd. (北京中海創業投資有限公司), Shanghai Huaxin Venture Capital Enterprise (上海華芯創業投資企業), Beijing Wanshun Tonghe Investment Management Center (Limited Partnership) (北京萬順通合投資管理中心(有限合夥)), Tianjin Xundu Venture Capital Partnership (Limited Partnership) (天津潯渡創業投資合夥企業(有限合夥)), Tongfang Huaqing Investment Management Co., Ltd. (同方華清投資管理有限公司), Shanghai SummitView Venture Capital Partnership (Limited Partnership) (上海武岳峰創業投資合夥企業(有限合夥)), Changzhou SummitView Venture Capital Partnership (Limited Partnership) (常州武岳峰創業投資合夥企業(有限合夥)) and Beijing Zhonghai Houde Investment Management Center (Limited Partnership) (北京中海厚德投資管理中心(有限合夥)).

Within the two years immediately preceding the date of this prospectus, no cash, securities, or other benefit has been paid, allotted or given, or has been proposed to be paid, allotted or given, to any of the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation under the SFO for carrying on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
Huatai Financial Holdings (Hong Kong) Limited.	A licensed corporation under the SFO for carrying on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 3 (leveraged foreign exchange trading), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) of the regulated activities as defined under the SFO

Name of Expert	Qualifications
KPMG	Certified Public Accountants and Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
King & Wood Mallesons	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
DLA Piper Singapore Pte. Ltd.	Legal advisor as to international export control, sanctions and tariff laws

Each of the experts listed above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Miscellaneous

Save as otherwise disclosed in this prospectus,

(a) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued;

(d) none of the equity and debt securities of the Company or its subsidiary is presently listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(e) the Company has no outstanding convertible debt securities or debentures;

(f) none of the experts listed under "— Qualifications and Consents of Experts":

  (i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

  (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements; and

(g) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts"; and

(b) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.gigadevice.com** during a period of 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the Accountants' Report, the report on review of unaudited interim condensed consolidated financial information and the report on the unaudited pro forma financial information of the Group from KPMG, the texts of which are set out in "Appendix I — Accountants' Report", "Appendix IA — Unaudited Interim Condensed Consolidated Financial Information" and "Appendix II — Unaudited Pro Forma Financial Information", respectively;

(c) the audited consolidated financial statements of the Group for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025;

(d) the legal opinion from King & Wood Mallesons, the Company's PRC Legal Advisor, in respect of the Group under the PRC laws;

(e) the legal memorandum issued by DLA Piper Singapore Pte. Ltd., the Company's legal advisor as to international export control, sanctions and tariff laws;

(f) the industry report prepared by Frost & Sullivan referred to in the section headed "Industry Overview" in this prospectus;

(g) the PRC Company Law, the PRC Securities Law, the Overseas Listing Trial Measures and the Guidelines for the Articles of Association of Listed Companies issued by the CSRC together with their unofficial English translations;

(h) the service contracts between each of the Directors and the Company referred to in "Appendix IV — Statutory and General Information — Further Information about the Directors — Particulars of the Service Contracts";

(i) the material contracts referred to in "Appendix IV — Statutory and General Information — Further Information about the Business — Summary of Material Contracts";

(j) the written consents referred to in "Appendix IV — Statutory and General Information — Other Information — Qualifications and Consents of Experts"; and

(k) the terms of the Stock Option Incentive Plans.

DOCUMENTS AVAILABLE FOR INSPECTION

A copy of full lists of all the grantees who have been granted options to subscribe for A Shares under the Stock Option Incentive Plans will be made available for public inspection at the office of Freshfields at 55th Floor, One Island East, Taikoo Place, Quarry Bay, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus.


GigaDevice